

2019 ANNUAL RESULTS PRESENTATION

March 2020

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Note : 1. The data of this material are in compliance with the IFRSs, and the currency is RMB unless otherwise stated.
2. Some of the data have been rounded up according to the Annual Report.

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Key Financial Indicators

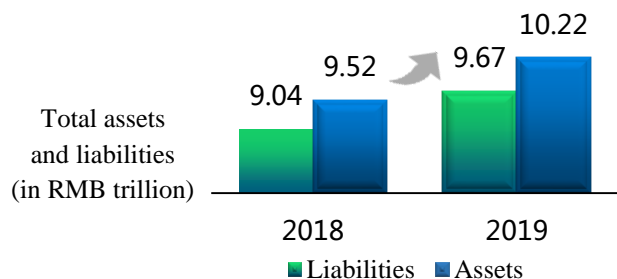
(in RMB100 million)	31 Dec. 2019	31 Dec. 2018	Change
Total assets	102,167.06	95,162.11	↑ 7.36%
Total loans to customers	49,741.86	42,768.65	↑ 16.30%
Total liabilities	96,718.27	90,408.98	↑ 6.98%
Customer deposits	93,140.66	86,274.40	↑ 7.96%

	31 Dec. 2019	31 Dec. 2018	Change
Core tier 1 capital adequacy ratio	9.90%	9.77%	↑ 13bps
NPLs ratio	0.86%	0.86%	—
Allowance to NPLs ratio	389.45%	346.80%	↑ 42.65ppts

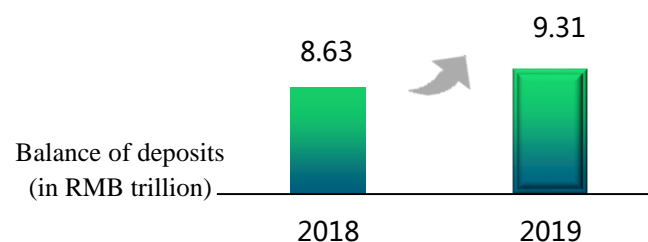
(in RMB100 million)	2019	2018	Change
Operating income	2,771.16	2,612.45	↑ 6.08%
Net fee & commission income	170.85	144.34	↑ 18.37%
Net profit	610.36	523.84	↑ 16.52%

2019 Performance

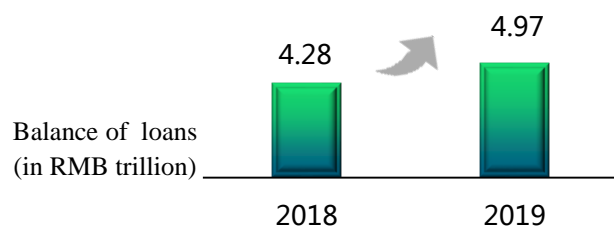
- Total assets and liabilities grew by **7.36%** and **6.98%** respectively compared to prior year end.



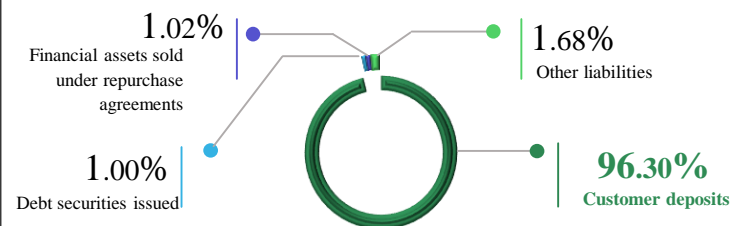
- YoY increase of customer deposits **7.96%**



- YoY increase of the balance of loans **16.30%**



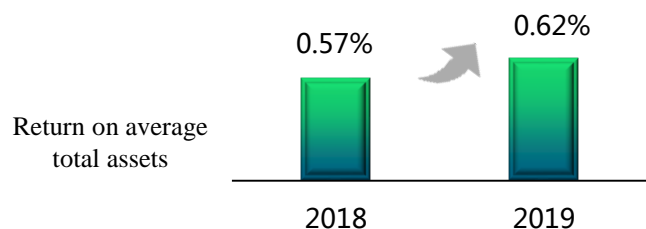
- Composition of Liabilities



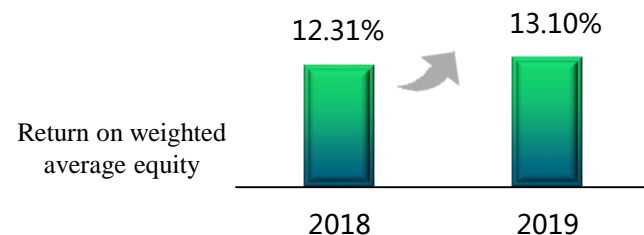
Note: Other liabilities consist of deposits from banks and other financial institutions, placements from banks and other financial institutions, dividend payable, provisions, employee benefits payable, lease liabilities, agency business liabilities, tax payable and other liabilities.

2019 Performance

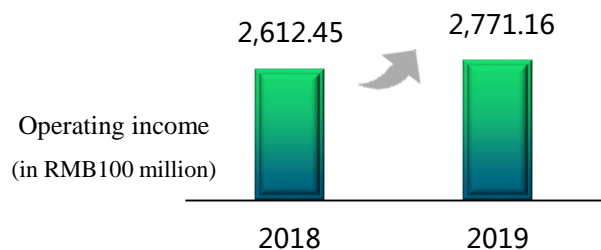
- YoY increase of return on average total assets **5bps**



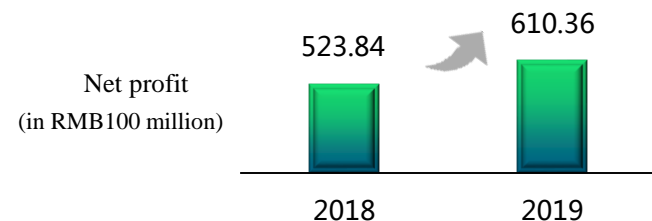
- YoY increase of return on weighted average equity **79bps**



- YoY increase of operating income **6.08%**

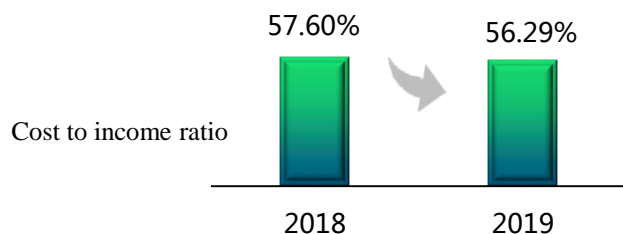


- YoY increase of net profit **16.52%**



2019 Performance

- YoY decrease of cost to income ratio **1.31ppts**



- Profitability

Net interest margin **2.50%**

Net interest spread **2.45%**

Completion of

Joint stock reform, introduction of strategic investors and A-share and H-share IPO
The largest A-share IPO in nearly a decade

Forbes

Ranked 60th among the World's 2000 Largest Public Companies

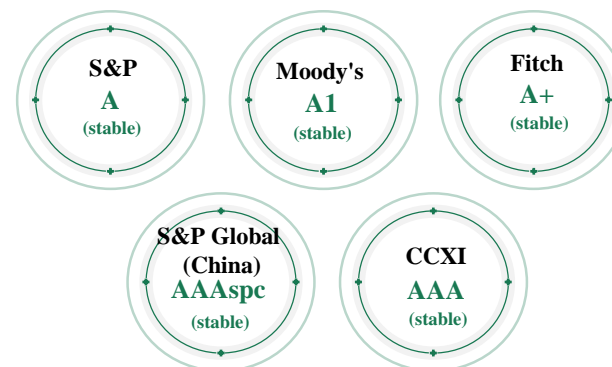
The Banker (UK)

Ranked 22nd in terms of total assets among Top 1000 World Banks

Fortune China

Ranked 37th in terms of operating income among China Top 500 Companies

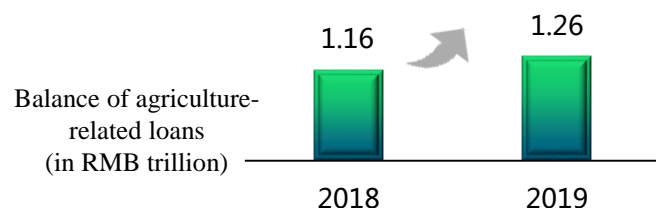
- Credit rating



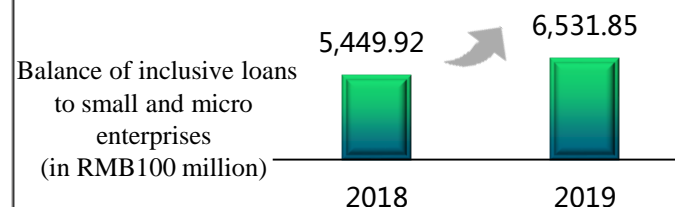
02 | 2019 Business Highlights

2019 Business Highlights

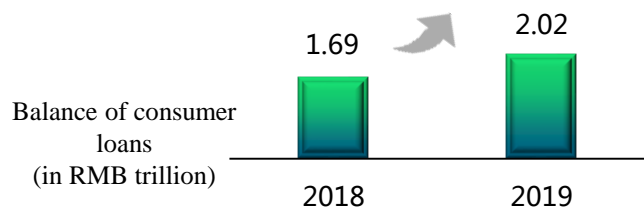
- YoY increase of the balance of agriculture-related loans **8.83%**



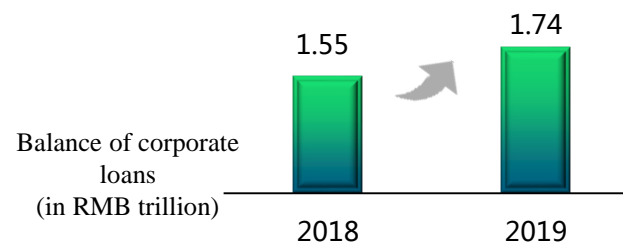
- YoY increase of the balance of inclusive loans to small and micro enterprises **19.85%**



- YoY increase of the balance of consumer loans **19.13%**

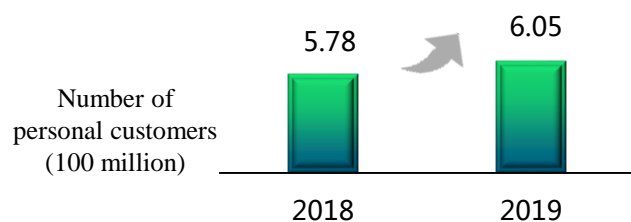


- YoY increase of the balance of corporate loans **12.12%**

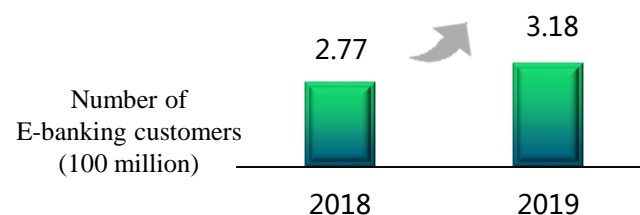


2019 Business Highlights

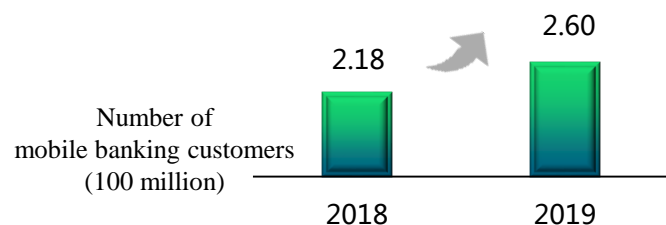
- Number of personal customers **605 million**



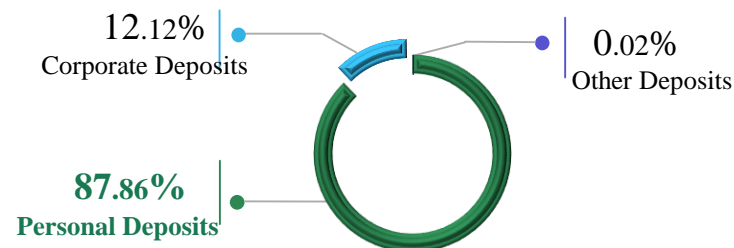
- Number of E-banking customers **318 million**



- Number of mobile banking customers **260 million**



- Composition of deposits

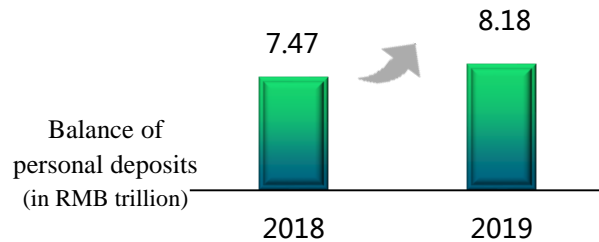


Note: Other deposits consist of remittance payable, credit card deposits and outbound remittance, etc.

2019 Business Highlights

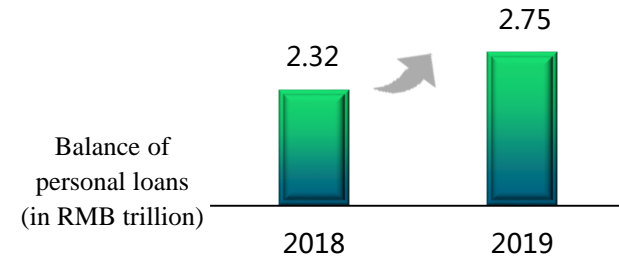
- YoY increase of the balance of personal deposits

9.58%



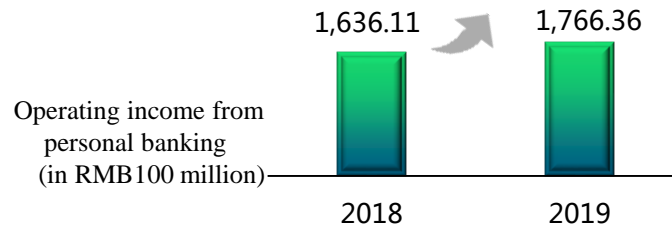
- YoY increase of the balance of personal loans

18.58%



- YoY increase of operating income from personal banking

7.96%



- Sticking to the strategic positioning & consolidating advantages in retail banking
- Accelerating the transformation to a new retail bank featuring data-driven, channel coordination, interaction between wholesale and retail, and efficient operation, and effectively promoting the launch of differentiated retail banking strategic positioning, with the AUM exceeding **RMB10 trillion**.
- Transforming to the Internet scenario-based services, and further building multi-dimensional financial and life scenarios, with a year-on-year increase of **31.53%** for monthly active mobile banking users.

2019 Business Highlights

Deepening the transformation and development

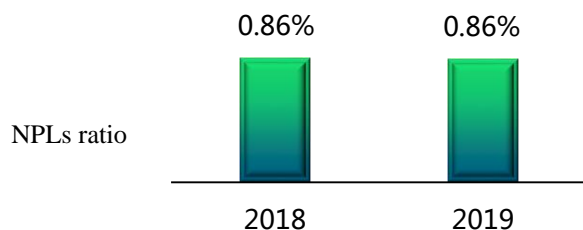
- Reforming the organizational structure of the Bank, with smooth and efficient operation of all departments and institutions
- Expanding the scope for talents selection
- Recruiting senior management personnel internally and externally to establish a talent pool for outstanding management personnel
- Building a talent pool for management personnel and selecting outstanding young talents at tier-1 branches
- Accelerating the building of a high-quality and professional team of talents

Enhancing the technological empowerment

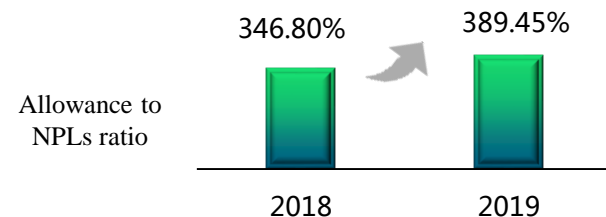
- Continuously promoting the development of financial technology across the Bank
- Advancing the regular recruitment of IT talents and strengthening the building of an IT talents team
- Accelerating financial technology innovation and the application of new technologies, and setting up a technological innovation fund
- Investing more in information technology
- Strengthening the role of technology in supporting the business, and greatly improving the operational efficiency

2019 Business Highlights

- NPLs ratio keeping the same as at the end of last year



- Allowance to NPLs ratio increased from the end of last year **42.65ppts**



- Asset quality

Proportion of NPLs + special mention loans **1.52%**

Non-performing loans/loans overdue for over 90 days **1.48**

- Capital adequacy ratio

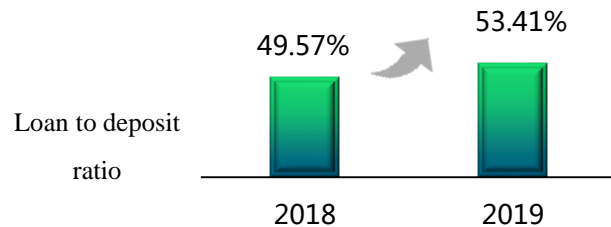
Core tier 1 capital adequacy ratio **9.90%**

Tier 1 capital adequacy ratio **10.87%**

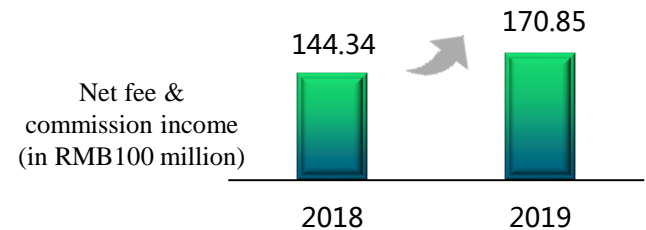
Capital adequacy ratio **13.52%**

2019 Business Highlights

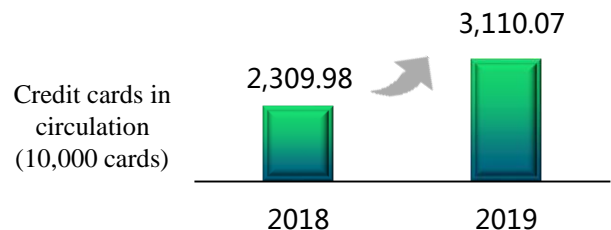
- The increase of loan to deposit ratio **3.84ppts**



- YoY increase of net fee & commission income **18.37%**



- YoY increase of credit cards in circulation **34.64%**



- Keeping sound growth

17-19 CAGR of operating income **11.01%**

17-19 CAGR of net profit **13.11%**

17-19 CAGR of loans **17.06%**

03 | 2020 Outlook

2020 Outlook



Shouldering the Responsibility as a State-owned Bank and Supporting Society with High-quality Financial Services

Doing a good job in the COVID-19 prevention and control, and resuming production in time; making a comprehensive follow-up and inspection of the asset quality by business lines and types of customers



Carrying out customer maintenance and marketing through a variety of online means of "contactless services"

Launching the cloud customer manager studio to empower outlets; strengthening the remote customer service ability by improving services on electronic channels



Adhering to the business philosophy of high-quality, customer-centered and value creation-oriented development

Making every effort to empower the Bank with transformation, technology, talent and organization, so as to open up a new chapter for the building of a first-tier modern commercial bank

2020 Outlook

**Comprehensively
speeding up business
transformation to
improve the operation
and development**

- In terms of retail banking, making good use of the “Ten Key Points” promotional campaign on demand deposits to promote the growth and improve the structure of deposits
 - Boosting the transformation and upgrading of outlets
 - Accelerating the development of mobile banking and improving the online and offline service experience
 - Expediting the building of a scenario ecosystem with PSBC features
 - Transforming from conventional customer marketing to scenario-based, precise and comprehensive customer management, to provide new drivers for business development
- In terms of inclusive finance, speeding up the digital transformation, expanding the connection with external data, and creating a financial ecosystem for small and micro enterprises
- In terms of corporate business, pooling segment resources, strengthening synergy and coordination, increasing customer expansion, and strengthening product upgrading and innovation
- In terms of interbank business, strengthening market research and judgment, seizing opportunities of high-quality assets investment, and giving full play to the advantages of funds
- Giving full play to the advantages of the wealth management subsidiary to create a product brand featuring “inclusive finance + wealth management+ pension”

2020 Outlook

Continuously promoting the development of financial technology to make the Bank strong in technology

- Investing about 3% of the annual operating income in the field of financial technology
- Focusing on improving the financial technology
- Fully completing the tasks of the 13th Five-year IT Plan, and pushing forward the development of the new-generation personal banking core system
- Strengthening cooperation with leading Internet enterprises, evolving “Internet +” into “Internet ×” to build core competitiveness
- Introducing more IT talents

2020 Outlook

**Continuously
strengthening risk
management to
safeguard bottom line
of risks**

- Stable asset quality is an important guarantee for high-quality development
- Continuously improving an “all aspects, whole process and entire staff” risk management system
- Achieving full coverage of institutions, products and risk types
- Starting risk management from front office by means of technology and big data analysis
- Launching the implementation of the New Basel Capital Accord and advanced approach of capital management and strengthening IT risk management
- Maintaining the leading position in asset quality in the industry

2020 Outlook

- Deepening organizational restructuring
- Improving the talents selection and appointment mechanism
- Establishing an incentive system with market competitiveness
- Quickening the building of advantages in the competition for talents
- Making full use of the platforms of SSE and Hong Kong Stock Exchange to establish a long-term mechanism for capital replenishment, and to further improve capital adequacy

Deepening institutional and mechanism reform in all aspects to unleash the vitality of development

THANKS!

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