2020 Annual Results Presentation

March 2021
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Notes: 1. Unless otherwise specified, the data in this presentation is all in line with IFRSs and is presented in RMB.
2. Some of the data has been rounded based on the data in the periodic reports.
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Business Highlights

Outlook
Business Highlights
## 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>113,532.63</td>
<td>102,167.06</td>
<td>↑ 11.12%</td>
</tr>
<tr>
<td>Total loans to customers</td>
<td>57,162.58</td>
<td>49,741.86</td>
<td>↑ 14.92%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>106,803.33</td>
<td>96,718.27</td>
<td>↑ 10.43%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>103,580.29</td>
<td>93,140.66</td>
<td>↑ 11.21%</td>
</tr>
</tbody>
</table>

### (31 Dec. 2020 vs. 31 Dec. 2019)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NPLs ratio</td>
<td>0.88%</td>
<td>0.86%</td>
<td>↑ 0.02ppt</td>
</tr>
<tr>
<td>Overdue loans ratio</td>
<td>0.80%</td>
<td>1.03%</td>
<td>↓ 0.23ppt</td>
</tr>
<tr>
<td>Special mention loans ratio</td>
<td>0.54%</td>
<td>0.66%</td>
<td>↓ 0.12ppt</td>
</tr>
<tr>
<td>Allowance to NPLs ratio</td>
<td>408.06%</td>
<td>389.45%</td>
<td>↑ 18.61ppts</td>
</tr>
</tbody>
</table>

### (in RMB100 million)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>2,865.37</td>
<td>2,771.16</td>
<td>↑ 3.40%</td>
</tr>
<tr>
<td>Net interest income</td>
<td>2,533.78</td>
<td>2,426.86</td>
<td>↑ 4.41%</td>
</tr>
<tr>
<td>Net fee &amp; commission income</td>
<td>164.95</td>
<td>146.23</td>
<td>↑ 12.80%</td>
</tr>
<tr>
<td>Net profit</td>
<td>643.18</td>
<td>610.36</td>
<td>↑ 5.38%</td>
</tr>
</tbody>
</table>

Note: 1. The Bank has reclassified the installment fee income of credit card from fee and commission income to interest income since 2020, and the relevant indicators of 2019 were restated.
Business Highlights

- **Increases of total assets and total liabilities from the prior year-end**
  - Total assets and total liabilities (in RMB trillion)
    - 2019: 9.67 (Total liabilities), 10.22 (Total assets)
    - 2020: 10.68 (Total liabilities), 11.35 (Total assets)
  - Increase: 11.12% (Total liabilities), 10.43% (Total assets)

- **Increase of the balance of deposits from the prior year-end**
  - Balance of deposits (in RMB trillion)
    - 2019: 9.31
    - 2020: 10.36
  - Increase: 11.21%

- **Increase of the balance of loans from the prior year-end**
  - Balance of loans (in RMB trillion)
    - 2019: 4.97
    - 2020: 5.72
  - Increase: 14.92%

- **Increase of loan-to-deposit ratio from the prior year-end**
  - Loan-to-deposit ratio
    - 2019: 53.41%
    - 2020: 55.19%
  - Increase: 1.78 ppts
Business Highlights

- **YoY increase of operating income** 3.40%
  - Operating income (in RMB100 million)
    - 2019: 2,771.16
    - 2020: 2,865.37

- **YoY increase of net profit** 5.38%
  - Net profit (in RMB100 million)
    - 2019: 610.36
    - 2020: 643.18

- **YoY increase of net fee and commission income** 12.80%
  - Net fee and commission income (in RMB100 million)
    - 2019: 146.23
    - 2020: 164.95

- **Profitability**
  - Net interest margin: 2.42%
  - Net interest spread: 2.36%
Business Highlights

- Slight increase of NPLs ratio from the prior year-end **0.02ppt**
  
<table>
<thead>
<tr>
<th>Year</th>
<th>NPLs ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0.86%</td>
</tr>
<tr>
<td>2020</td>
<td>0.88%</td>
</tr>
</tbody>
</table>

- Decrease in the overdue loan ratio from the prior year-end **0.12ppt**
  
<table>
<thead>
<tr>
<th>Year</th>
<th>Overdue loans ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1.03%</td>
</tr>
<tr>
<td>2020</td>
<td>0.80%</td>
</tr>
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</table>

- Increase of allowance to NPLs ratio from the prior year-end **18.61ppts**
  
<table>
<thead>
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<th>Year</th>
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<td>389.45%</td>
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<tr>
<td>2020</td>
<td>408.06%</td>
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</tbody>
</table>

- Decrease in the special mention loan ratio from the prior year-end **0.12ppt**
  
<table>
<thead>
<tr>
<th>Year</th>
<th>Special mention loans ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0.66%</td>
</tr>
<tr>
<td>2020</td>
<td>0.54%</td>
</tr>
</tbody>
</table>
Ramp up the efforts to serve the real economy

Help the resumption of work and operation of micro and small-sized enterprises

• The balance of inclusive loans granted to micro and small-sized enterprises increased by 22.7% over the end of last year to **RMB801.247 million**
• We lent more than **RMB100 billion** to enterprises dealing with pandemic prevention and control

Continue to strengthen Sannong financial services

• The balance of agro-related loans increased by **RMB149.676 million** to **RMB1.41 trillion**

Vigorously develop green finance and climate financing

• The balance of green loans reached **RMB280,936 million**, up by 30.20% over the prior year-end, **9.9 percentage points** higher than the industry average
Follow the business strategy of “taking retail as the mainstay supported by wholesale”

- Retail banking saw higher quality and benefits:
  - We stepped up the integration of products, channels and marketing campaigns.
  - The wealth management system was improved.
  - Mobile banking version 6.0 was launched.

- Corporate banking broke new ground:
  - Held fast to the “barbell” business strategy.
  - Explored the service model integrating commercial banking, investment banking and asset management.
  - Corporate online banking system 2.0 went into operation.

- Treasury operations and asset management improved quality while remaining stable:
  - Strengthened anticipation of the market and increased active liabilities when the market rates were low to cut liability costs.
  - Purchased quality bonds in advance based on the market trend to lock the yields.
  - PSBC Wealth Management recorded sound development.

- Follow-up statistics:
  - Percentage of personal deposits: 87.81%
  - Percentage of personal loans: 56.92%
  - Income from personal banking as a percentage of operating income: 69.15%
  - Assets of individuals under management: RMB11.25 trillion
  - Mobile banking customers: 300 million
  - New customers: 280,000
  - Increase of transactions via corporate internet banking: 60%
  - Increase of the transaction amount via corporate online banking: 117%

- Exceeding RMB 1 trillion:
  - Assets under management of PSBC Wealth Management: 55.31%
Business Highlights

Accelerate technological empowerment and push forward characteristic transformation

- Number of monthly active users (MAU) of mobile banking: More than 40 million
- Percentage of consumer loans (excluding residential mortgages) granted online: 99%
- IT investments as a percentage of operating income: 3.15%
- Balance of micro loan products offered online: +122.94%
- Number of registered users of PSBC Life: 53.29 million
- The first large state-owned bank to obtain the direct bank license

PSBC online

More than 40 million

99%

+122.94%

3.15%

53.29 million users
Business Highlights

Strengthen intermediary business on multiple dimensions to tap the potential of transformative development

We put more efforts to sell mutual fund and other fund products on an agency basis.

The scale of non-money market funds sold on an agency basis grew by 241% year on year.

We enhanced coordination between business lines to promote custody business development.

The assets of mutual funds under custody grew by 109%.

Intermediary business income reached RMB16,495 million, up by 12.80% year on year, continuing to maintain double-digit growth.

Credit card business was advanced.

7.81 million new cards were issued throughout 2020, and the number of cards in circulation stood at 36.80 million, up by 18.3% year on year.

We consolidated the advantage in e-payment.

More than 300 million accounts signing up for quick pay.
Build a solid risk bottom line to ensure increasingly better asset quality

The Bank weathered through the pandemic in terms of asset quality

- Ratio of special mention and non-performing loans 1.42%
- Less than one third of the industry average
- Overdue loan ratio 0.80%
  Down by 0.23 percentage point over the prior year-end
- All loans past due for more than 60 days were included in non-performing loans
- 94.69% of the loans past due for more than 30 days were recognized as non-performing loans

• Perpetual bonds of RMB30 billion were issued in 2021
• the non-public issuance of RMB30 billion A shares was completed in 2021
• Perpetual bonds of RMB30 billion were issued in 2020
• Perpetual bonds of RMB80 billion were issued in 2020

Capital planning and management were strengthened
Outlook
Outlook

Accelerate digitalization, build Sannong ecosystem and set up a direct bank

- Adhere to the concept of openness and collaboration to expand cooperation
- Establish a service ecosystem for Sannong combining finance, production and life

Seize the historic opportunity of pilot e-CNY and set another milestone of going digital

- Build service scenarios for inclusive finance
- Take advantage of county-based outlets, and use e-CNY as a link to shape a new ecosystem in urban communities
- Build a rural inclusive finance and e-CNY demonstration town, to open a new chapter of rural vitalization
- Integrate finance and technology to contribute wisdom to solve the financing problems of micro and small-sized enterprises

Adhere to the concept of openness, sharing and win-win, and build a direct bank PSBC online

- The direct bank has more flexible systems and mechanisms
- Explore more ways to provide financial services to Sannong and micro and small-sized enterprises
- A pioneer in exploring a business model with the characteristics of PSBC
Outlook

Speed up transformation and development, balance speed and human touch, and ensure quality and quantity

Adhere to our strategic positioning, and make constant improvement
- Follow the business strategy of "taking retail as the mainstay supported by wholesale"
- Subsidiaries will bring their license advantage into full play, and actively explore the innovative business model of coordinating development with the parent company
- Strive to build a light capital development pattern, and pay close attention to the development of intermediary business

Accelerate technological empowerment, and support high-quality development
- Increase investments in IT and introduce more technical personnel, with the number of IT personnel across the whole bank growing to about 5,000 by the end of the year
- Kick off our 14th Five-Year Plan for IT Application from a high starting point, and build an enterprise-level information system featuring agile front office, strong middle office and stable back office
- Accelerate business development and enhance services with human touch with the help of FinTech

Balance "speed and human touch"

Ensure "quality and quantity"
- Be always mindful of worst-case scenarios, and firmly guard the quality of assets

- Continue to improve the comprehensive risk management system featuring "all aspects, whole process and entire staff"
- Promote the implementation of advanced approach for capital management and the development and application of intelligent risk control models and technologies to continuously improve the refinement of risk management
- Effectively enhance the initiative, foresight and sensitivity of risk management
THANKS!