

# 2020 Annual Results Presentation

March 2021





- The slides/materials used in this presentation are confidential and for reference only. No person shall remove, directly or indirectly reproduce, distribute, spread or send the slides/materials used in this presentation or any part thereof to any person for any purpose (whether or not he/she and you belong to the same institution).
- Any of the slides/materials used in this presentation or any information contained therein will not constitute any offer for sale or any subscription or purchase of securities. Any part of the slides/materials used in this presentation will not constitute a basis for any contract, undertaking or investment, and any contract, undertaking or investment shall not rely on any part of the slides/materials used in this presentation.
- This presentation may contain forward-looking statements. These forward-looking statements are based on a series of assumptions regarding the operation of the Bank and some factors beyond the control of the Bank. Such assumptions may have significant risks and are affected by unknown factors, and such factors may cause actual results to differ materially from those in the forward-looking statements in this document. The Bank is not responsible for updating the forward-looking statements regarding the events or circumstances occurring after the date of the presentation.
- The information expressed or included in this presentation only reflects the situation as of the date of the presentation and is not updated as to the significant progress occurring after the date of the presentation. This presentation and the information contained therein shall not be deemed or relied upon as a complete and comprehensive analysis of the Bank's finances, operations or prospects. Some of the information is still in the draft stage.
- This document also contains a number of information and statistics concerning China's banking sector, which is obtained from an external unofficial source by the Bank and has not been independently audited. The Bank can not guarantee that such source is of the same standards as those of other industries or are comparable to the accuracy and completeness of the relevant information in other industries. You shall not heavily rely on any statements concerning China's banking sector in this presentation. The information contained in this presentation is not a due diligence review and shall not be considered as a due diligence review. The information contained in this presentation has not been verified by an independent third party. No person has made any express or implicit representations or warranties with respect to the impartiality, accuracy, completeness or correctness of the information and opinions contained in this presentation, and no one shall rely on the impartiality, accuracy, completeness or correctness of such information or opinions. The Bank, its advisers, or their respective directors, senior executives, employees, agents or advisors are not responsible for this document or its contents and are not liable for any loss arising from any use of this document or its contents (due to negligence or any other reason) or any loss arising out of or in connection with this document in any other way. The above persons do not have any fiduciary responsibility for this presentation to you.

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.





## Business Highlights



## Outlook



## Business Highlights

# Key Financial Indicators

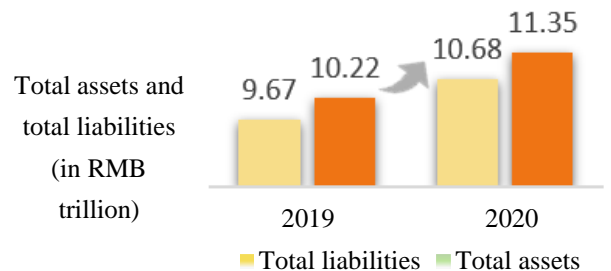
(in RMB100 million)	31 Dec. 2020	31 Dec. 2019	Change
Total assets	113,532.63	102,167.06	↑ 11.12%
Total loans to customers	57,162.58	49,741.86	↑ 14.92%
Total liabilities	106,803.33	96,718.27	↑ 10.43%
Customer deposits	103,580.29	93,140.66	↑ 11.21%

	31 Dec. 2020	31 Dec. 2019	Change
NPLs ratio	0.88%	0.86%	↑ 0.02ppt
Overdue loans ratio	0.80%	1.03%	↓ 0.23ppt
Special mention loans ratio	0.54%	0.66%	↓ 0.12ppt
Allowance to NPLs ratio	408.06%	389.45%	↑ 18.61ppts

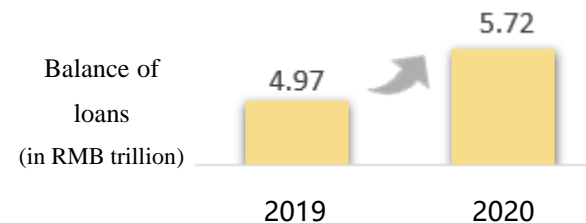
(in RMB100 million)	2020	2019	Change
Operating income	2,865.37	2,771.16	↑ 3.40%
Net interest income	2,533.78	2,426.86	↑ 4.41%
Net fee & commission income	164.95	146.23	↑ 12.80%
Net profit	643.18	610.36	↑ 5.38%

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.

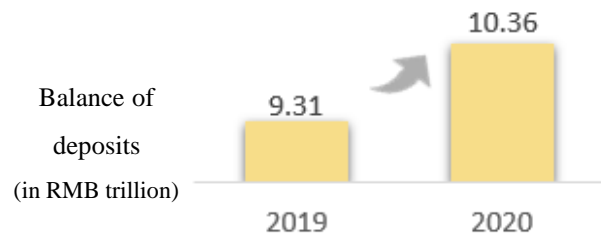
- Increases of total assets and total liabilities from the prior year-end **11.12% 10.43%**



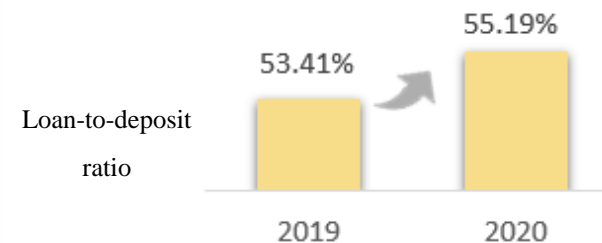
- Increase of the balance of loans from the prior year-end **14.92%**



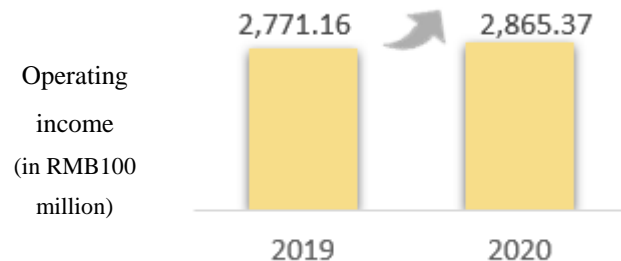
- Increase of the balance of deposits from the prior year-end **11.21%**



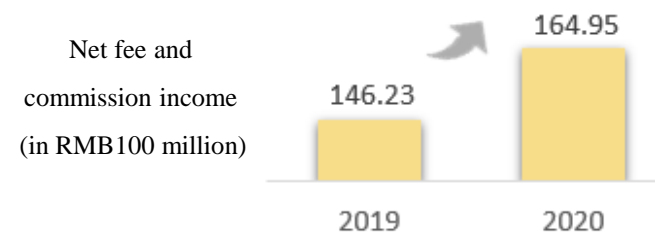
- Increase of loan-to-deposit ratio from the prior year-end **1.78ppts**



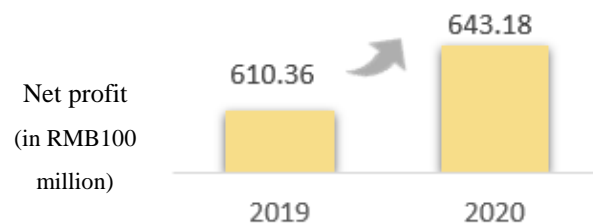
- YoY increase of operating income **3.40%**



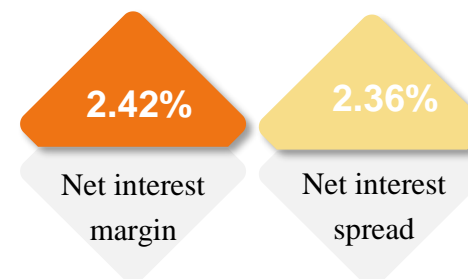
- YoY increase of net fee and commission income **12.80%**



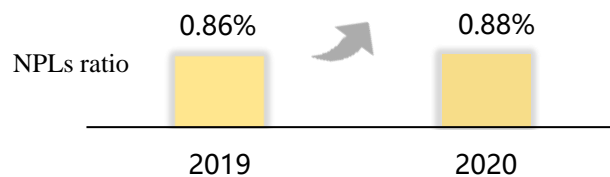
- YoY increase of net profit **5.38%**



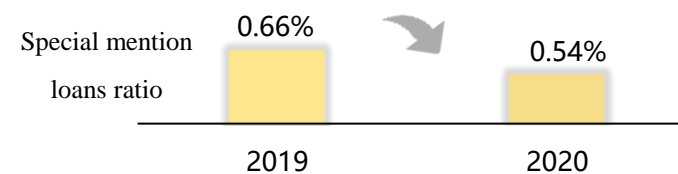
- Profitability



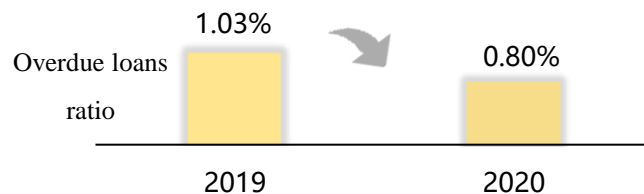
- Slight increase of NPLs ratio from the prior year-end **0.02ppt**



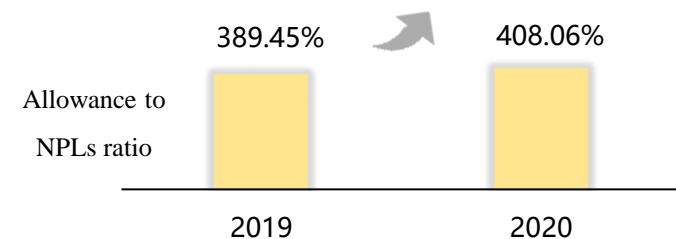
- Decrease in the special mention loan ratio from the prior year-end **0.12ppt**



- Decrease in the overdue loan ratio from the prior year-end **0.23ppt**



- Increase of allowance to NPLs ratio from the prior year-end **18.61ppts**





## » 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**



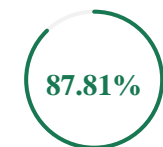
Vigorously develop green finance and climate financing

- 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

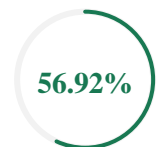
## Follow the business strategy of “taking retail as the mainstay supported by wholesale”

**Retail banking saw higher quality and benefits**

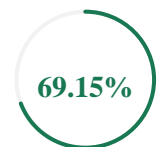
- We stepped up the integration of products, channels and marketing campaigns
- The wealth management system was improved
- Mobile banking version 6.0 was launched



Percentage of personal deposits



Percentage of personal loans



Income from personal banking as a percentage of operating income



Assets of individuals under management



Mobile banking customers

280,000 new customers

Corporate customers

60%

Increase of transactions via corporate internet banking



Increase of the transaction amount via corporate online banking

### 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

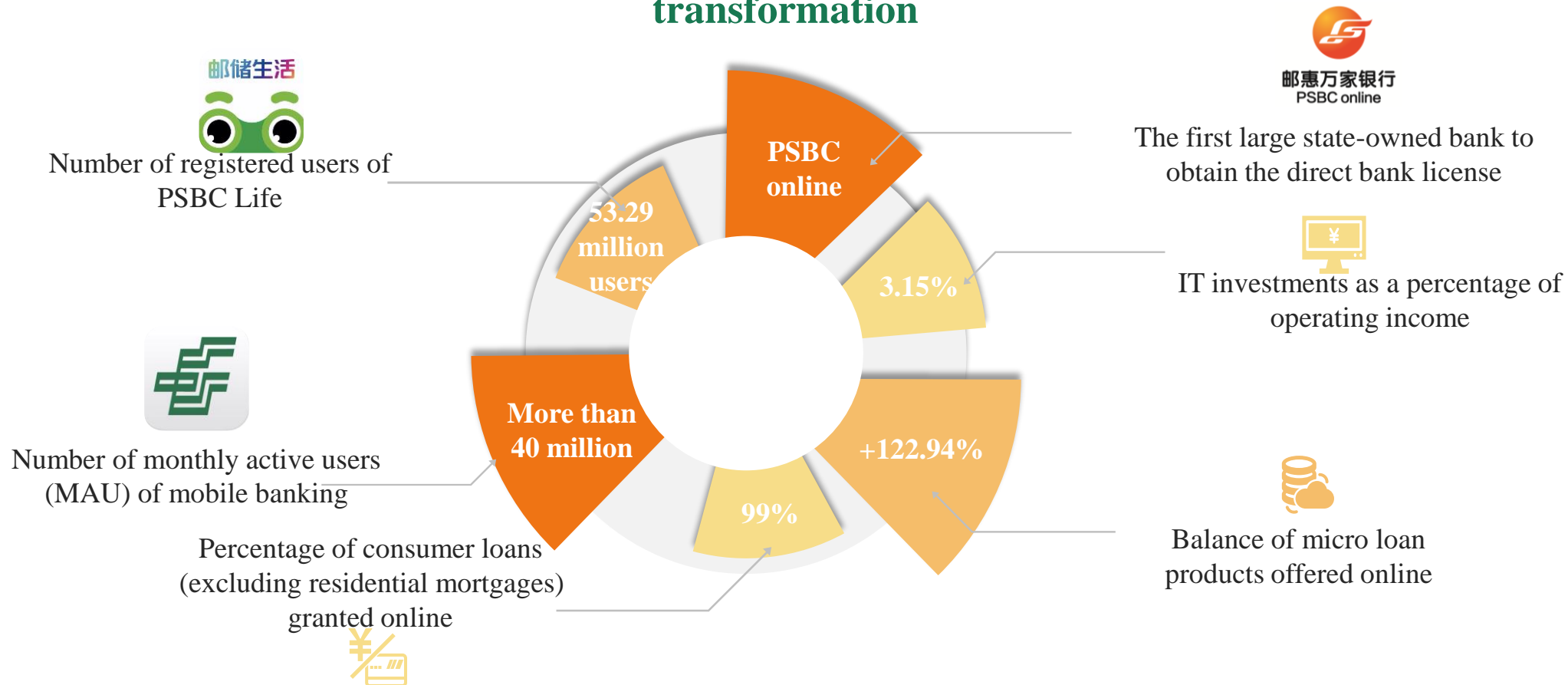
Exceeding RMB 1 trillion

Assets under management of PSBC Wealth Management

55.31%

Proportion of net value-based products

## Accelerate technological empowerment and push forward characteristic transformation



## 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



Capital planning and management were strengthened

- 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 **RMB80 billion** were issued in 2020



## Outlook

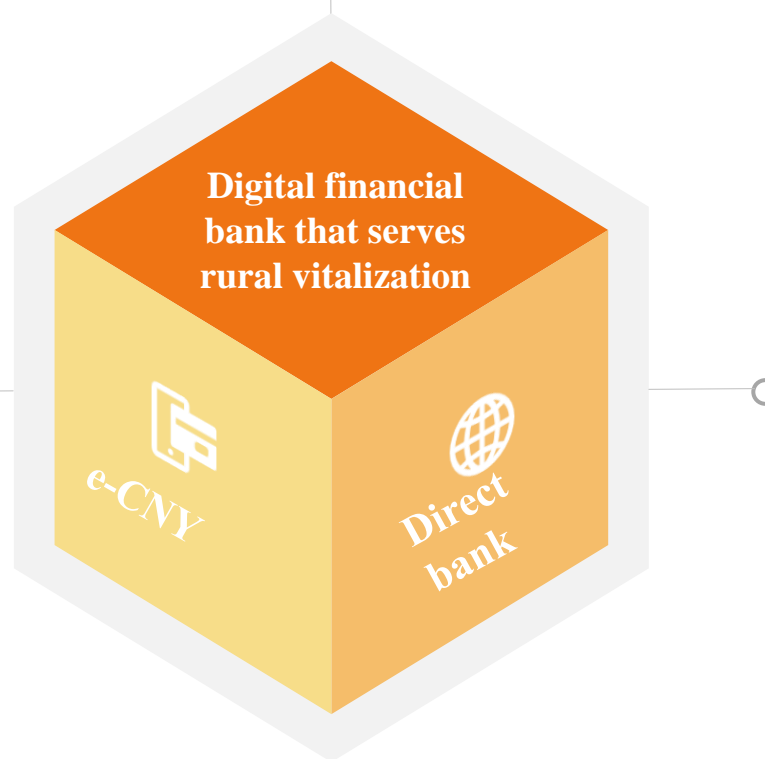
## Accelerate digitalization, build Sannong ecosystem and set up a direct bank

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

Strive to build an ecosystem for the collaborative development of Sannong

### 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 serves to Sannong and micro and small-sized enterprises
- A pioneer in exploring a business model with the characteristics of PSBC

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




**Speed up**  
“transformation and development”



**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

**Balance**  
“speed and human touch”



**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

**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!



**进步 与您同步**