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**POSTAL SAVINGS BANK OF CHINA CO., LTD.**  
**中國郵政儲蓄銀行股份有限公司**

*(A joint stock limited liability company incorporated in the People's Republic of China)*

(Stock Code: 1658)

(Stock Code of Preference Shares: 4612)

## **First Quarterly Report of 2021**

The Board of Directors (the “Board”) of Postal Savings Bank of China Co., Ltd. (the “Bank”) hereby announces the results of the Bank and its subsidiaries for the three months ended March 31, 2021. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **1 IMPORTANT NOTICE**

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1.1 The Board of Directors, the Board of Supervisors, directors, supervisors and members of the senior management of the Bank undertake that the information in this quarterly report is true, accurate and complete, contains no false record, misleading statement or material omission, and assume individual and joint and several liabilities for the information in this quarterly report.

1.2 The First Quarterly Report of 2021 has been considered and approved at the meeting of the Board of the Bank held on April 29, 2021. There were 11 directors eligible for attending the meeting, among whom 11 attended in person.

1.3 These quarterly financial statements have not been audited.

1.4 Mr. Zhang Jinliang, Legal Representative of the Bank, Mr. Zhang Xuewen, Vice President in charge of finance of the Bank, and Mr. Liu Yucheng, General Manager of the Finance and Accounting Department of the Bank, hereby represent and warrant that the financial statements contained in this quarterly report are true, accurate and complete.

## 2 CORPORATE INFORMATION

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### 2.1 Basic information

	Stock name	Stock code	Stock exchange on which shares are listed
A shares	Postal Savings Bank of China	601658	Shanghai Stock Exchange
H shares	Postal Savings Bank of China	1658	The Stock Exchange of Hong Kong Limited
Offshore preference shares	PSBC 17USDPREF	4612	The Stock Exchange of Hong Kong Limited
Board Secretary and Company Secretary:			
Name	Du Chunye		
Correspondence address	No. 3 Financial Street, Xicheng District, Beijing (Postcode: 100808)		
Telephone	86-10-68858158		
Fax	86-10-68858165		
E-mail	psbc.ir@psbcoa.com.cn		

### 2.2 Major accounting data and financial indicators

Financial information set out in this quarterly report has been prepared in accordance with the International Financial Reporting Standards (“IFRSs”). Unless otherwise specified, it is the consolidated data of the Bank and its subsidiaries and is presented in Renminbi (RMB)<sup>1</sup>.

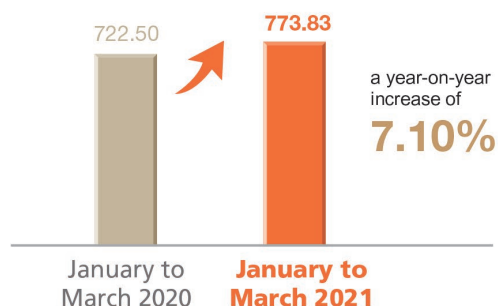
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<sup>1</sup> The installment fee income of credit card has been reclassified from fee and commission income to interest income in the relevant comparative period information of this report.

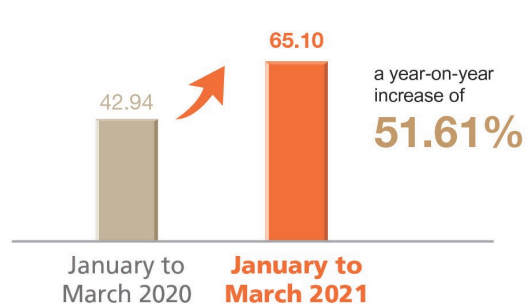
The data indicators related to asset quality in this report are calculated using the data caliber without accrued interests.

# 2 CORPORATE INFORMATION

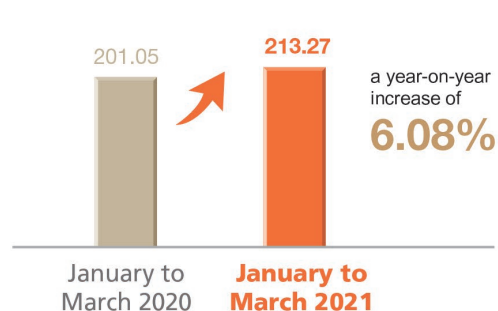
**Operating income** (in RMB100 million)



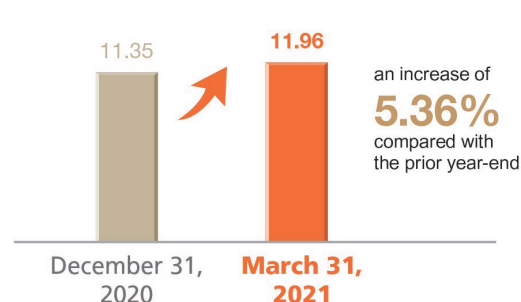
**Net fee and commission income** (in RMB100 million)



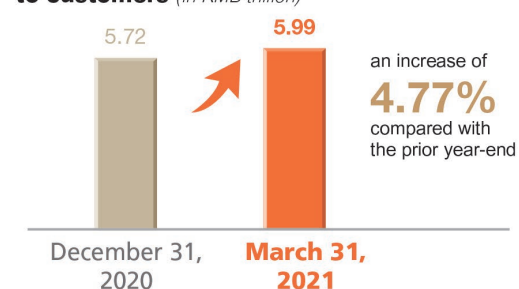
**Net profit** (in RMB100 million)



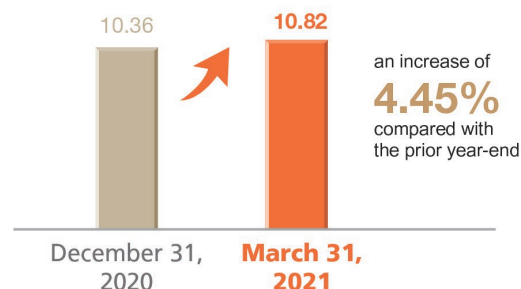
**Total assets** (in RMB trillion)



**Total loans and advances to customers** (in RMB trillion)



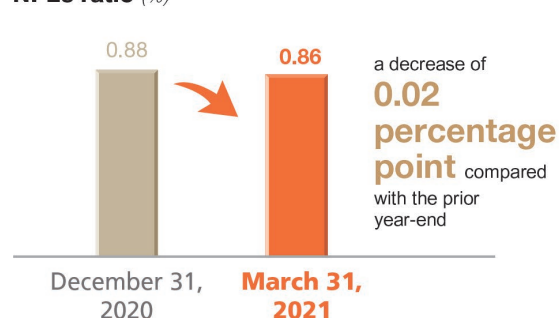
**Customer deposits** (in RMB trillion)



**Net interest margin (%)**



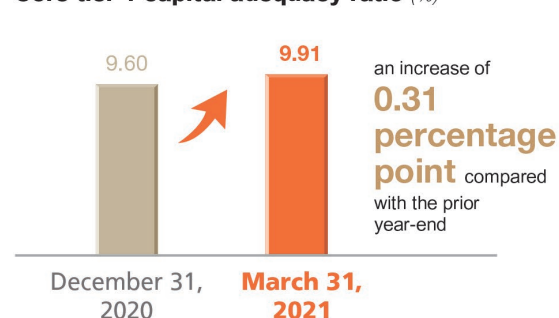
**NPLs ratio (%)**



**Allowance to NPLs ratio (%)**



**Core tier 1 capital adequacy ratio (%)**



## 2 CORPORATE INFORMATION

### 2.2.1 Major accounting data and financial indicators

*In millions of RMB, except for percentages or otherwise stated*

Item	March 31, 2021	December 31, 2020	Changes as compared with the prior year-end (%)
Total assets	11,961,876	11,353,263	5.36
Total loans and advances to customers	5,988,748	5,716,258	4.77
Allowance for impairment losses on loans <sup>(1)</sup>	212,260	203,897	4.10
Financial investments	4,152,781	3,914,650	6.08
Total liabilities	11,210,895	10,680,333	4.97
Customer deposits	10,819,275	10,358,029	4.45
Equity attributable to shareholders of the Bank	749,724	671,799	11.60
Net assets per share (in RMB) <sup>(2)</sup>	6.41	6.25	2.56

Note (1): Allowance for impairment losses on loans to customers at amortized cost.

Note (2): Calculated by dividing equity attributable to shareholders of the Bank (after deducting other equity instruments) at the end of the period by the total number of ordinary shares at the end of the period.

*In millions of RMB, except for percentages or otherwise stated*

Item	January to March 2021	January to March 2020	Changes as compared to the same period of the previous year (%)
Operating income	77,383	72,250	7.10
Net profit	21,327	20,105	6.08
Net profit attributable to shareholders of the Bank	21,201	20,094	5.51
Net cash flows from operating activities	112,904	85,756	31.66
Basic and diluted earnings per share (in RMB) <sup>(1)</sup>	0.24	0.23	4.35
Return on weighted average equity (% , annualized) <sup>(1)</sup>	14.80	15.77	Decreased by 0.97 percentage point

Note (1): Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Share (Revision 2010) issued by China Securities Regulatory Commission. There were no potential diluted ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

## 2 CORPORATE INFORMATION

### 2.2.2 Explanation of differences in financial statements prepared under PRC GAAP and IFRSs

There was no difference between the net profit and shareholders' equity for the reporting period in the consolidated financial statements prepared by the Bank under PRC GAAP and the corresponding figures prepared by the Bank under IFRSs.

### 2.3 Number of ordinary shareholders and shareholdings

As of the end of the reporting period, the Bank's total ordinary shareholders amounted to 223,278 (including 220,610 A shareholders and 2,668 H shareholders) and there were no holders of preference shares with voting rights restored.

Shareholdings of top ten ordinary shareholders as of the end of the reporting period are as follows:

*Share, except for percentages*

Name of shareholder	Number of shares held	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of shares pledged or locked up	Nature of shareholder	Type of ordinary shares
China Post Group Corporation Limited	62,234,614,189	67.37	61,253,339,187	-	State-owned legal person	RMB ordinary shares, overseas listed foreign shares
HKSCC Nominees Limited	19,843,163,610	21.48	-	Unknown	Foreign legal person	Overseas listed foreign shares
China Life Insurance Company Ltd.	2,544,127,900	2.75	-	-	State-owned legal person	RMB ordinary shares
China Telecommunications Corporation	1,117,223,218	1.21	-	-	State-owned legal person	RMB ordinary shares
Ant Group Co., Ltd.	738,820,000	0.80	-	-	Domestic non-state-owned legal person	RMB ordinary shares
Bank of China Limited – China Merchants 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	290,000,000	0.31	-	-	Domestic non-state-owned legal person	RMB ordinary shares

## 2 CORPORATE INFORMATION

Name of shareholder	Number of shares held	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of shares pledged or locked up	Nature of shareholder	Type of ordinary shares
China Construction Bank Corporation – E Fund 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	283,124,500	0.31	-	-	Domestic non-state-owned legal person	RMB ordinary shares
Industrial and Commercial Bank of China Limited – China Universal 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	271,640,000	0.29	-	-	Domestic non-state-owned legal person	RMB ordinary shares
Hong Kong Securities Clearing Company Limited	226,331,174	0.24	-	-	Foreign legal person	RMB ordinary shares
Industrial and Commercial Bank of China Limited – China AMC 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	206,567,149	0.22	-	-	Domestic non-state-owned legal person	RMB ordinary shares

Note (1): The total number of shares held by HKSCC Nominees Limited, as the nominee, is the total number of H shares held by all institutions and individual investors registered with the company as of the end of the reporting period, which includes the 80,700,000 H shares held by China Post Group Corporation Limited through HKSCC Nominees Limited as the nominee.

Note (2): The total number of shares held by Hong Kong Securities Clearing Company Limited represents the A shares (Shanghai-Hong Kong Stock Connect) held by it as a nominee for and on behalf of investors from Hong Kong and overseas.

Note (3): The Bank is not aware of any connected relations among the aforementioned shareholders or whether they constitute persons acting in concert as stipulated in the Administrative Measures for the Takeover of Listed Companies.

## 2 CORPORATE INFORMATION

The top ten ordinary shareholders not subject to restrictions on sales as of the end of the reporting period are as follows:

Name of shareholder	Number of circulating shares held not subject to restrictions on sales	Type and number of shares	
		Type	Number
HKSCC Nominees Limited	19,843,163,610	Overseas listed foreign shares	19,843,163,610
China Life Insurance Company Ltd.	2,544,127,900	RMB ordinary shares	2,544,127,900
China Telecommunications Corporation	1,117,223,218	RMB ordinary shares	1,117,223,218
China Post Group Corporation Limited	981,275,002	RMB ordinary shares Overseas listed foreign shares	900,575,002 80,700,000
Ant Group Co., Ltd.	738,820,000	RMB ordinary shares	738,820,000
Bank of China Limited – China Merchants 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	290,000,000	RMB ordinary shares	290,000,000
China Construction Bank Corporation – E Fund 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	283,124,500	RMB ordinary shares	283,124,500
Industrial and Commercial Bank of China Limited – China Universal 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	271,640,000	RMB ordinary shares	271,640,000
Hong Kong Securities Clearing Company Limited	226,331,174	RMB ordinary shares	226,331,174
Industrial and Commercial Bank of China Limited – China AMC 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	206,567,149	RMB ordinary shares	206,567,149

Note (1): The total number of shares held by HKSCC Nominees Limited, as the nominee, is the total number of H shares held by all institutions and individual investors registered with the company as of the end of the reporting period, which includes the 80,700,000 H shares held by China Post Group Corporation Limited through HKSCC Nominees Limited as the nominee.

Note (2): The total number of shares held by Hong Kong Securities Clearing Company Limited represents the A shares (Shanghai-Hong Kong Stock Connect) held by it as a nominee for and on behalf of investors from Hong Kong and overseas.

Note (3): The Bank is not aware of any connected relations among the aforementioned shareholders or between the aforementioned shareholders and the top 10 shareholders or whether they constitute persons acting in concert as stipulated in the Administrative Measures for the Takeover of Listed Companies.

## 2 CORPORATE INFORMATION

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### 2.4 Number of offshore preference shareholders and shareholdings

As of the end of the reporting period, the total number of offshore preference shareholders (or nominees) of the Bank was 1. Top 10 offshore preference shareholders (or nominees) of the Bank are as follows:

*Share, except for percentages*

Name of shareholder	Nature of shareholder	Class of shares	Increase or decrease during the reporting period	Number of shares held at the end of the reporting period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of shares pledged or locked up
The Bank of New York Depository (Nominees) Limited	Foreign legal person	Offshore preference shares	-	362,500,000	100.00	-	Unknown

Note (1): The shareholdings of offshore preference shareholders are based on the information listed in the register of offshore preference shareholders of the Bank.

Note (2): As the issuance of offshore preference shares was non-public, the register of offshore preference shareholders presented the information on proxies of places.

Note (3): "Shareholding percentage" refers to the percentage of the number of offshore preference shares held by offshore preference shareholders to the total number of offshore preference shares.



# 3 BRIEF ANALYSIS ON OVERALL OPERATING ACTIVITIES IN THE FIRST QUARTER

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## 3.1 Overview of Operations

China's economy continued to recover steadily and gather momentum for further development in the first quarter of 2021. Aiming to become a first-class large retail bank, the Bank upheld the philosophy of high-quality development and value creation and continued to advance its development and transformation. In the first quarter, the Bank achieved steady growth across the board and improved the quality of development which can be summarized from five aspects. First, profitability improved. The operating income amounted to RMB77,383 million, representing a year-on-year increase of 7.10%. Net fee and commission income amounted to RMB6,510 million, representing a significant year-on-year increase of 51.61%. Net profit was RMB21,327 million, representing a year-on-year increase of 6.08%. Second, the business scale expanded steadily. Total assets stood at RMB11.96 trillion, representing an increase of 5.36% compared with the prior year-end; and total liabilities came in at RMB11.21 trillion, up 4.97% over the prior year-end. Third, the asset and liability structure continued to be optimized with the net interest margin reaching 2.40%, up 2 basis points from the previous quarter. In terms of assets, the Bank optimized the internal credit resource allocation, increased credit supply to the real economy and gave priority to retail loans. Its loan-to-deposit ratio went up by 0.16 percentage point from the prior year-end to 55.35%. Personal loans accounted for 57.48% of total loans, an increase of 0.56 percentage point from the prior year-end. It made appropriate arrangements for non-credit asset allocation, phased out low-yield assets and increased portfolio yields. In terms of liabilities, the Bank continued the policy for high-cost deposit control and adopted limit control measures, with the funding cost of deposits decreased compared with the previous quarter. Fourth, the asset quality remained excellent. Newly generated non-performing loans (NPLs) amounted to RMB7,556 million with a NPL generation rate of 0.13%. The NPL ratio was 0.86%, a decrease of 0.02 percentage point from the prior year-end. The allowance to NPLs ratio was 416.98%, representing an increase of 8.92 percentage points compared with the prior year-end. Fifth, the Bank further strengthened its capital base. It continued to promote the light-capital-consumption transformation, established long-term mechanism for capital conservation, enhanced the capacity of endogenous capital supplementation and comprehensively utilised channels to replenish its capital externally. It completed the non-public issuance of RMB30 billion ordinary A shares and issued RMB30 billion perpetual bonds, which further enhanced its capital strength. As at the end of the reporting period, its core tier 1 capital adequacy ratio was 9.91%, up by 0.31 percentage point compared with the prior year-end; tier 1 capital adequacy ratio and capital adequacy ratio came in at 12.56% and 14.54%, up by 0.70 and 0.66 percentage point compared with the prior year-end respectively.

**The Bank implemented major decisions and plans of the state and continued to serve national strategies and the real economy.** The Bank enhanced its services to Sannong customers, urban and rural residents as well as small and medium-sized enterprises (SMEs). It accelerated digital transformation, improved the convenience of inclusive financial services and maintained a stable and efficient supply of financial services to micro and small-sized enterprises (MSEs). Its balance of online loans to MSEs stood at RMB556,655 million, up 21.79% compared with the prior year-end. It completed the system design and development for the e-CNY business process from end to end, actively participated in business pilots such as “Red Packet” e-CNY tests, and took the lead in developing the “hard wallet” and other scenario-based products. It accelerated cooperation with large enterprises and internet platforms, etc., and realized classic scenarios such as Party dues payment and online shopping malls. It explored new models of interbank cooperation to jointly create the e-CNY ecosystem. In order to serve the real economy, the Bank supported national strategies for regional development, including the coordinated development of

### 3 BRIEF ANALYSIS ON OVERALL OPERATING ACTIVITIES IN THE FIRST QUARTER

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the Beijing-Tianjin-Hebei region, the development of the Yangtze River Economic Belt, the construction of the Xiongan New Area, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, and the construction of the Hainan Free Trade Port. At the same time, it strengthened the comprehensive financial services in the field of “new infrastructure”, and took a step further to propel the manufacturing industry towards high-quality development. As of the end of the reporting period, the Bank’s balance of mid- to long-term loans to the manufacturing sector amounted to RMB88,452 million, representing an increase of RMB9,605 million or 12.18% from the prior year-end.

**The Bank thoroughly implemented the rural revitalization strategy and made every effort to build a digital bank that serves rural revitalization.** PSBC focused on the digital transformation of Sannong business as the main line and built a professional Sannong service system to provide support. Aiming at building a service model with online-offline integration as the core, the Bank built an ecosystem of corporate finance serving rural revitalization. It gave full play to the strategic advantage of synergy brought by PSBC online - the direct bank, strengthened technology empowerment of traditional offline advantages, actively injected more technology forces into the traditional resource endowment, reshaped the Sannong financial service system, and activated stronger and greater momentum of development. The Bank actively promoted the integration of traditional operation models with advanced technologies and built a quick operating loan platform called “PSBC E-Chain”. Focusing on three key aspects. i.e. rural construction actions, modern agricultural transformation and upgrading as well as consolidation of gains on poverty alleviation in alignment with rural revitalization, the Bank created a financing model for rural revitalization and gradually established a corporate financial product system serving the rural revitalization. Meanwhile, it advanced the digital transformation of the whole process of micro loans based on mobile integrated terminal, and launched smart outbound calls for the post-lending management of micro loans. The number of online micro loans accounted for 94.32% of all micro loans, an increase of 1.98 percentage points compared with the prior year-end. As at the end of the reporting period, the Bank’s balance of agriculture-related loans amounted to RMB1.49 trillion, an increase of RMB74,591 million from the prior year-end.

**The Bank adhered to the philosophy of “putting quality first, giving priority to profitability” and made every effort to advance the development of intermediary businesses.** While earnestly implementing the government policy of fee reduction and profit concession, the Bank took multiple measures to advance the development of intermediary business. In order to meet the integrated needs of a wider range of clients for wealth management, the Bank gave full play to its advantages in outlets and customers and initiated the construction of a multi dimensional, differentiated and integrated “big wealth management system” to improve integrated service level and enhance the experience for medium to high-end customers. The Bank launched marketing campaigns during the peak season and enhanced the capability of wealth managers, achieving breakthrough growth in agency sales business. To actively adapt itself to the pandemic impact, the Bank continued to migrate its business towards online and scenario-based operation. The number of new credit cards and the scale of consumption both increased steadily. The Bank kept cementing its cooperation with external entities to optimize payment products and improve customer experience. Electronic payment transactions expanded in scale steadily. Besides, it optimized the structure of custody products and advanced the development of key custody businesses such as mutual funds and insurance funds. The size of custody businesses, therefore, reached a new height. During the reporting period, the Bank’s net fee and commission income stood at RMB6,510 million, representing a year-on-year increase of RMB2,216 million or 51.61%.

### 3 BRIEF ANALYSIS ON OVERALL OPERATING ACTIVITIES IN THE FIRST QUARTER

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**The Bank adhered to the risk-based approach and continuously improved the development of the comprehensive risk management system that features “all aspects, whole process and entire staff”.** PSBC actively promoted the application of advanced capital measurement approach and improved the internal rating system of corporate and retail businesses. It migrated retail credit business online and automated the business process from end to end. It enhanced the automation of corporate credit business, used big data technology to improve the quality and efficiency of every step in pre-lending due diligence and post-lending inspection, boosting intelligent risk control capabilities. Upholding the worst-scenario mindset, the Bank strengthened risk prevention and control in key areas. Specifically, it exercised stricter control over asset quality, intensified the list-based management of large-amount credit customers, and put key institutions and products of the retail credit business under more intensive monitoring and control, with a view to further consolidating the quality and effectiveness of professional risk management. With these steps, the Bank maintained its asset quality at an excellent level.

**The Bank enhanced the human resources development and continued to improve capabilities in independent research and development as well as financial technology innovation.** With respect to talent cultivation, PSBC implemented the three-year personnel development plan with an aim to shift the focus of the talent structure from quantity growth to performance improvement. Oriented by per capita performance, the Bank weighted staffing towards key areas with high per capita performance and strategic importance. Besides, it worked harder to introduce and foster scientific and technological personnel, and to form the three-level echelons of “youth, backbone, and leading employees” for its IT business. It built an agile organizational structure with clearly defined departmental responsibilities in its direct bank. It vigorously carried out recruitment, and strove to build a team of talents with a common vision, entrepreneurial genes, and innovative potential. It expanded the team of wealth management professionals through the combination of internal training and external recruitment, cultivated wealth managers of different levels and enhanced the service capabilities of the wealth management team of the entire bank. In terms of underlying capacity building, it completed the business modeling and the technology platform development for the new-generation core system of personal banking business. It used x86 servers, open platforms and distributed architecture and mastered key technologies with independence. The system can support over 600 million customers and over a billion of high-concurrency transactions. It promoted the use of the personal wealth management system to provide wealth checkups and wealth planning for customers and empower wealth managers to help customers achieve their goals through asset allocation. It strengthened the construction of the credit business platform system with enterprise-level modeling standards to realize rapid and flexible product assembly and modular process development. It launched the corporate customer data mart, providing centralized data support for corporate businesses. It launched the unified credit granting management system, which enabled the full-process review and approval of credit rating and granting and the quota control over all types of credit products. The direct banking system was put into production technically, laying a good foundation for the opening of PSBC online.

# 3 BRIEF ANALYSIS ON OVERALL OPERATING ACTIVITIES IN THE FIRST QUARTER

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## 3.2 FINANCIAL PERFORMANCE

### 3.2.1 FINANCIAL RESULTS

During the reporting period, the Bank's operating income reached RMB77,383 million, representing a year-on-year increase of 7.10%. The net profit amounted to RMB21,327 million, representing a year-on-year increase of 6.08%. Annualized return on average total assets was 0.74% and annualized return on weighted average equity was 14.80%. The business operation got off to a good start with main indicators showing steady progress.

#### (1) Net interest income

Net interest income was RMB66,014 million, representing a year-on-year increase of RMB3,604 million, or 5.77%. Net interest margin was 2.40%, and net interest spread was 2.34%, representing an increase of 2 basis points respectively when compared to the fourth quarter last year. The steady growth in net interest income was attributable to the constantly optimized asset-liability structure, increase in the loan-to-deposit ratio, stabilized proportion of retail credit, higher yields of financial investments and strengthened management and control of long-term, high-cost deposits.

#### (2) Net fee and commission income

Net fee and commission income amounted to RMB6,510 million, representing a year-on-year increase of RMB2,216 million, or 51.61%. It was mainly because the Bank strengthened the construction of its wealth management system and gave full play to its strength in outlets to capture market opportunities. As a result, the Bank achieved a growth of 128.63% in net income from agency businesses and registered rapid growth in income from credit card, electronic payment, custody and other businesses.

#### (3) Operating expenses

Operating expenses amounted to RMB40,831 million, representing a year-on-year increase of RMB2,675 million or 7.01%. The cost to income ratio was 51.97%, representing a year-on-year decrease of 0.05 percentage point, which was due to more effective control of cost.

#### (4) Credit impairment losses

Credit impairment losses amounted to RMB12,327 million, representing a year-on-year increase of RMB897 million or 7.85%.

### 3.2.2 ASSETS AND LIABILITIES

As of the end of the reporting period, total assets of the Bank amounted to RMB11,961,876 million, representing an increase of RMB608,613 million or 5.36% compared with the prior year-end. Total liabilities amounted to RMB11,210,895 million, representing an increase of RMB530,562 million or 4.97% compared with the prior year-end. Total shareholders' equity amounted to RMB750,981 million, representing an increase of RMB78,051 million or 11.60% compared with the prior year-end.

#### (1) Loans and advances to customers

Total loans and advances to customers amounted to RMB5,988,748 million, representing an increase of RMB272,490 million or 4.77% compared with the prior year-end. Among them, personal loans amounted to RMB3,442,143 million, representing an increase of 5.79% compared with the prior year-end. Its share in total loans reached 57.48%, representing an increase of 0.56 percentage point compared with the prior

## 3 BRIEF ANALYSIS ON OVERALL OPERATING ACTIVITIES IN THE FIRST QUARTER

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year-end with the proportion of retail loans remaining stable. Corporate loans amounted to RMB2,097,520 million, representing an increase of 6.05% compared with the prior year-end, mainly because micro and small enterprises, private enterprises and manufacturers were given a greater weight. Discounted bills amounted to RMB449,085 million, representing a decrease of 7.32% compared with the prior year-end. The credit business structure was further optimized.

### (2) Customer deposits

Customer deposits amounted to RMB10,819,275 million, representing an increase of RMB461,246 million or 4.45% compared with the prior year-end. Among them, personal deposits amounted to RMB9,537,969 million, representing an increase of 4.86% compared with the prior year-end; corporate deposits amounted to RMB1,278,603 million, representing an increase of 1.49% compared with the prior year-end. It was mainly because the Bank took the initiative to optimize the deposit structure and reduced the long-term, high-cost deposits.

### (3) Shareholders' equity

Total shareholders' equity amounted to RMB750,981 million, representing an increase of RMB78,051 million or 11.60% compared with the prior year-end, of which equity attributable to shareholders of the Bank amounted to RMB749,724 million, representing an increase of RMB77,925 million or 11.60% compared with the prior year-end, mainly because the Bank non-publicly issued ordinary A shares in March 2021, which raised RMB30 billion, and issued perpetual bonds of RMB30 billion.

### 3.2.3 ASSET QUALITY AND CAPITAL ADEQUACY

The Bank continued to step up the control of asset quality and carried out collection and disposal of high efficiency. The quality of assets remained stable. As of the end of the reporting period, the Bank's balance of non-performing loans amounted to RMB51,235 million, representing an increase of RMB868 million compared with the prior year-end. The non-performing loan ratio was 0.86%, representing a decrease of 0.02 percentage point compared with the prior year-end. The balance of special mention loans was RMB29,886 million, representing a decrease of RMB680 million compared with the prior year-end. Special mention loans accounted for 0.50% of total loans, representing a decrease of 0.04 percentage point compared with the prior year-end. The balance of overdue loans was RMB47,159 million, representing an increase of RMB1,780 million compared with the prior year-end. The overdue ratio was 0.79%, representing a decrease of 0.01 percentage point compared with the prior year-end. During the reporting period, the newly generated non-performing loans of the Bank were RMB7,556 million, hence a NPL generation rate<sup>1</sup> of 0.13%. It also collected and disposed non-performing assets worth RMB6,386 million. The allowance to NPLs ratio was 416.98%, representing an increase of 8.92 percentage points compared with the prior year-end.

As at the end of the reporting period, the core tier 1 capital adequacy ratio was 9.91%, up by 0.31 percentage point compared with the prior year-end; tier 1 capital adequacy ratio was 12.56%, up by 0.70 percentage point compared with the prior year-end; and capital adequacy ratio was 14.54%, up by 0.66 percentage point compared with the prior year-end; all meeting regulatory requirements.

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<sup>1</sup> NPL generation rate = (the balance of non-performing credit portfolio at the end of the reporting period - the balance of non-performing credit portfolio at the beginning of the reporting period + the collected and disposed amount during the reporting period) / balance of credit portfolio at the beginning of the reporting period

## 4 SIGNIFICANT EVENTS

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### 4.1 Significant changes in key financial data and financial indicators and the reasons thereof

Applicable  Not Applicable

*In millions of RMB, except for percentages*

Item	March 31, 2021	December 31, 2020	Change (%)	Major reasons for change
Debt instruments at fair value through other comprehensive income	442,299	315,922	40.00	Increase of investment in interest rate bonds due to optimization and adjustment in financial investment strategies
Placements from banks and other financial institutions	43,248	30,743	40.68	Strengthened active liability management with moderate increase in interbank borrowing
Financial assets sold under repurchase agreements	87,033	25,134	246.28	Strengthened active liability management with increase in sales of repurchased bonds
Other equity instruments - perpetual bonds	109,989	79,989	37.51	Issuance of perpetual bonds during the reporting period

## 4 SIGNIFICANT EVENTS

*In millions of RMB, except for percentages*

Item	January to March 2021	January to March 2020	Change (%)	Major reasons for change
Net fee and commission income	6,510	4,294	51.61	Accelerated development of the wealth management system with rapid growth achieved in the agency sales businesses
Net trading gains	847	1,510	(43.91)	Decrease in valuation of bonds held for trading and interbank certificates of deposit due to changes in market interest rates
Net gains on investment securities	3,210	2,389	34.37	Driven by the active adjustment in investment structure and increase in the profit distribution of securities investment funds
Net gains on derecognition of financial assets at amortized cost	3	0	Not applicable	Increase in net gains on disposal of bond investment
Net gains from other operations	799	1,647	(51.49)	Decrease in exchange gains arising from fluctuation of exchange rate
Impairment losses on other assets	(1)	(2)	(50.00)	Mainly due to the reversal of bad debt losses on prepaid accounts
Non-controlling interests	126	11	1,045.45	Increase in net profit of subsidiaries
Net other comprehensive income after tax	(309)	1,883	(116.41)	Due to changes in market interest rates, the fair value of bond investment measured at fair value through other comprehensive income decreased

### 4.2 Development of significant events, related impact and resolution

Applicable  Not Applicable

#### 4.2.1 Non-public issuance of shares

Under approval of CSRC, the Bank non-publicly issued 5,405,405,405 A shares of ordinary shares in March 2021 at an issue price of RMB5.55 per share, raising a total of RMB30 billion. After deducting the issuance cost, the actual net proceeds were approximately RMB29,985.92 million. After the issuance, the total number of ordinary shares of the Bank increased from 86,978,562,200 shares to 92,383,967,605

## 4 SIGNIFICANT EVENTS

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shares. For details, please refer to the announcements of the Bank published on the websites of Shanghai Stock Exchange and “HKEXnews” of Hong Kong Stock Exchange.

### 4.2.2 Issuance of undated capital bonds

As approved by CBIRC and the People’s Bank of China, the Bank publicly issued RMB30 billion of write-down undated capital bonds in the national Interbank Bond Market in March 2021. The proceeds, after deducting the issuance cost, will all be used to replenish other tier 1 capital in accordance with applicable laws and approval of the competent authorities. For details, please refer to the announcements of the Bank published on the websites of Shanghai Stock Exchange and “HKEXnews” of Hong Kong Stock Exchange.

### 4.3 Undertakings failed to be fulfilled during the reporting period

Applicable  Not Applicable

### 4.4 Warnings and explanations of any forecasted losses or significant changes as compared to the same period of the previous year to accumulated net profit from the beginning of the year to the end of the next reporting period

Applicable  Not Applicable

### 4.5 Implementation of cash dividend policy during the reporting period

Applicable  Not Applicable

During the reporting period, upon the review and approval at the 3rd meeting of the Board of Directors of the Bank in 2021, the Bank intends to distribute cash dividends of RMB2.085 (tax included) per ten ordinary shares to all ordinary shareholders whose names appeared on the share register on the equity registration date. Calculated in accordance with the 92,383,967,605 ordinary shares of the Bank as of the end of the reporting period, a total of RMB19,262 million (tax included) dividends will be distributed, representing 30% of the net profit attributable to shareholders of the Bank stated in the consolidated statements of 2020. Dividends of A shares will be paid in Renminbi and dividends of H shares will be paid in Hong Kong dollars converted at the RMB central parity rate announced by the People’s Bank of China on the day of the Bank’s 2020 Annual General Meeting. The profit distribution plan is subject to the review and approval at the 2020 Annual General Meeting.



## 5 APPENDICES

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**5.1 Financial statements prepared in accordance with IFRSs are attached in Appendix I to this report**

**5.2 Disclosures of capital adequacy ratios, leverage ratio and liquidity coverage ratio are attached in Appendix II to this report**

## 6 RELEASE OF QUARTERLY REPORT

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This report will be published simultaneously on the “HKEXnews” website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.psbc.com](http://www.psbc.com)). The quarterly report prepared in accordance with CAS will be published simultaneously on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and that of the Bank ([www.psbc.com](http://www.psbc.com)).

By order of the Board  
**POSTAL SAVINGS BANK OF CHINA CO., LTD.**  
**Du Chunye**  
*Joint Company Secretary*

Beijing, PRC  
April 29, 2021

*As at the date of this announcement, the Board of Directors of the Bank comprises Mr. Zhang Jinliang as Chairman and Non-executive Director; Mr. Zhang Xuwen and Ms. Yao Hong as Executive Directors; Mr. Han Wenbo, Mr. Liu Yue and Mr. Ding Xiangming as Non-executive Directors; Mr. Fu Tingmei, Mr. Wen Tiejun, Mr. Chung Shui Ming Timpson, Mr. Hu Xiang and Ms. Pan Yingli as Independent Non-executive Directors.*

*\* Postal Savings Bank of China Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*

# APPENDIX I FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

## POSTAL SAVINGS BANK OF CHINA CO., LTD. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2021

(All amounts in millions of RMB unless otherwise stated)

	<b>January to March 2021 (Unaudited)</b>	January to March 2020 (Unaudited)
Interest income	109,059	100,051
Interest expense	(43,045)	(37,641)
<b>Net interest income</b>	<b>66,014</b>	62,410
Fee and commission income	14,239	8,332
Fee and commission expense	(7,729)	(4,038)
<b>Net fee and commission income</b>	<b>6,510</b>	4,294
Net trading gains	847	1,510
Net gains on investment securities	3,210	2,389
Net gains on derecognition of financial assets at amortized cost	3	-
Net gains from other operations	799	1,647
<b>Operating income</b>	<b>77,383</b>	72,250
Operating expenses	(40,831)	(38,156)
Credit impairment losses	(12,327)	(11,430)
Impairment losses on other assets	(1)	(2)
<b>Profit before income tax</b>	<b>24,224</b>	22,662
Income tax expenses	(2,897)	(2,557)
<b>Net profit</b>	<b>21,327</b>	20,105

# APPENDIX I FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

## POSTAL SAVINGS BANK OF CHINA CO., LTD. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2021 (CONTINUED)

(All amounts in millions of RMB unless otherwise stated)

	<b>January to March 2021 (Unaudited)</b>	January to March 2020 (Unaudited)
Net profit attributable to:		
Shareholders of the Bank	21,201	20,094
Non-controlling interests	126	11
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Changes in fair value of equity instrument investment measured at fair value through other comprehensive income	208	109
Items that may be reclassified subsequently to profit or loss		
Net gains or losses on investments in financial assets at fair value through other comprehensive income	(517)	1,774
<b>Net other comprehensive income after tax</b>	<b>(309)</b>	1,883
<b>Total comprehensive income for the period</b>	<b>21,018</b>	21,988
Total comprehensive income attributable to:		
Shareholders of the Bank	20,892	21,977
Non-controlling interests	126	11
Basic and diluted earnings per share (in RMB Yuan)		
Basic/Diluted	0.24	0.23

# APPENDIX I FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

## POSTAL SAVINGS BANK OF CHINA CO., LTD.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

(All amounts in millions of RMB unless otherwise stated)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>Assets</b>		
Cash and deposits with central bank	1,253,073	1,219,862
Deposits with banks and other financial institutions	53,906	43,682
Placements with banks and other financial institutions	264,541	248,396
Derivative financial assets	8,769	11,140
Financial assets held under resale agreements	288,298	259,956
Loans and advances to customers	5,776,488	5,512,361
Financial investments		
Financial assets at fair value through profit or loss	528,690	419,281
Financial assets at fair value through other comprehensive income - debt instruments	442,299	315,922
Financial assets at fair value through other comprehensive income - equity instruments	6,081	5,804
Financial assets at amortized cost	3,175,711	3,173,643
Property and equipment	48,841	48,706
Deferred tax assets	55,372	53,217
Other assets	59,807	41,293
<b>Total assets</b>	<b>11,961,876</b>	<b>11,353,263</b>
<b>Liabilities</b>		
Borrowings from central bank	25,251	25,288
Deposits from banks and other financial institutions	78,559	85,912
Placements from banks and other financial institutions	43,248	30,743
Derivative financial liabilities	6,986	9,632
Financial assets sold under repurchase agreements	87,033	25,134
Customer deposits	10,819,275	10,358,029
Debt securities issued	57,569	57,974
Other liabilities	92,974	87,621
<b>Total liabilities</b>	<b>11,210,895</b>	<b>10,680,333</b>

# APPENDIX I FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

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## POSTAL SAVINGS BANK OF CHINA CO., LTD.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021 (CONTINUED)

(All amounts in millions of RMB unless otherwise stated)

	<b>March 31, 2021</b> <b>(Unaudited)</b>	December 31, 2020 <b>(Audited)</b>
<b>Equity</b>		
Share capital	92,384	86,979
Other equity instruments		
Preference shares	47,869	47,869
Perpetual bonds	109,989	79,989
Capital reserve	125,486	100,906
Other reserves	175,193	175,484
Retained earnings	198,803	180,572
Equity attributable to shareholders of the Bank	749,724	671,799
Non-controlling interests	1,257	1,131
<b>Total equity</b>	<b>750,981</b>	<b>672,930</b>
<b>Total equity and liabilities</b>	<b>11,961,876</b>	<b>11,353,263</b>

Zhang Jinliang

(On behalf of Board of Directors)

Zhang Xuewen

(On behalf of Board of Directors)

# APPENDIX I FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

## POSTAL SAVINGS BANK OF CHINA CO., LTD. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2021

(All amounts in millions of RMB unless otherwise stated)

	January to March 2021 (Unaudited)	January to March 2020 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit before tax	24,224	22,662
Adjustments for:		
Amortization of intangible assets and other assets	244	445
Depreciation of property and equipment and right-of-use assets	1,844	1,680
Impairment losses on assets	12,328	11,432
Interest income arising from financial investments	(31,331)	(31,002)
Interest expense arising from debt securities issued	495	903
Net gains on investment securities	(3,213)	(2,389)
Unrealized exchange gains	(241)	(1,465)
Net gains or losses from disposal of property and equipment and other assets	16	(2)
Subtotal	4,366	2,264
<b>Net increase in operating assets</b>		
Deposits with central bank	(53,784)	(5,597)
Deposits with banks and other financial institutions	(10,899)	(24,347)
Placements with banks and other financial institutions	(11,305)	(49,040)
Financial assets at fair value through profit or loss	(35,968)	(35,321)
Financial assets held under resale agreements	(11,024)	(3,156)
Loans and advances to customers	(273,187)	(269,195)
Other operating assets	(20,695)	(131)
Subtotal	(416,862)	(386,787)

# APPENDIX I FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

## POSTAL SAVINGS BANK OF CHINA CO., LTD. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2021 (CONTINUED)

(All amounts in millions of RMB unless otherwise stated)

	<b>January to March 2021 (Unaudited)</b>	January to March 2020 (Unaudited)
<b>Net increase/(decrease) in operating liabilities</b>		
Borrowings from central bank	(42)	4,395
Deposits from banks and other financial institutions	(7,495)	(1,269)
Placements from banks and other financial institutions	12,489	18,397
Financial assets sold under repurchase agreements	61,902	14,354
Customer deposits	473,574	460,789
Other operating liabilities	(13,275)	(24,829)
Subtotal	527,153	471,837
<b>Net cash flows from operating activities before income tax</b>	<b>114,657</b>	<b>87,314</b>
Income tax paid	(1,753)	(1,558)
<b>Net cash flows from operating activities</b>	<b>112,904</b>	<b>85,756</b>
<b>Net cash flows from operating activities include:</b>		
Interest received	80,124	67,097
Interest paid	(54,718)	(48,967)

# APPENDIX I FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

## POSTAL SAVINGS BANK OF CHINA CO., LTD. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2021 (CONTINUED)

(All amounts in millions of RMB unless otherwise stated)

	<b>January to March 2021 (Unaudited)</b>	January to March 2020 (Unaudited)
<b>Cash flows from investing activities</b>		
Cash received from sale and redemption of financial investments	268,566	186,723
Cash received from income arising from financial investments	39,254	34,497
Cash paid for purchase of financial investments	(430,989)	(360,915)
Cash paid for purchase of property and equipment, intangible assets and other long-term assets	(1,573)	(1,005)
Cash received from disposal of property and equipment, intangible assets and other long-term assets	184	233
<b>Net cash flows from investing activities</b>	<b>(124,558)</b>	<b>(140,467)</b>
<b>Cash flows from financing activities</b>		
Cash received from ordinary shareholders	29,999	4,203
Dividend paid	(2,952)	-
Interests paid on debt securities	(900)	(1,052)
Cash received from issuance of perpetual bonds	30,000	80,000
Cash received from issuance of debt securities	-	17,841
Cash payments for issuance of perpetual bonds	-	(11)
Cash payments for issuance of shares	(14)	-
Cash payments for repayment of debt securities	-	(18,511)
Cash payments for repayment of principal and interest of lease liabilities	(998)	(834)
<b>Net cash flows from financing activities</b>	<b>55,135</b>	<b>81,636</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>69</b>	<b>1,290</b>
<b>Net increase in cash and cash equivalents</b>	<b>43,550</b>	<b>28,215</b>
Balance of cash and cash equivalents at the beginning of the period	335,526	280,348
<b>Balance of cash and cash equivalents at the end of the period</b>	<b>379,076</b>	<b>308,563</b>



## APPENDIX II DISCLOSURES OF CAPITAL ADEQUACY RATIOS, LEVERAGE RATIO AND LIQUIDITY COVERAGE RATIO

### TABLE OF CAPITAL ADEQUACY RATIOS

*In millions of RMB, except for percentages*

Item	March 31, 2021		December 31, 2020	
	The Group	The Bank	The Group	The Bank
Calculated in accordance with the Capital Rules for Commercial Banks (Provisional):				
Net core tier 1 capital	590,332	577,111	542,347	529,574
Net tier 1 capital	748,283	734,969	670,301	657,432
Net capital	866,288	852,524	784,579	771,166
Core tier 1 capital adequacy ratio (%)	9.91	9.74	9.60	9.43
Tier 1 capital adequacy ratio (%)	12.56	12.40	11.86	11.71
Capital adequacy ratio (%)	14.54	14.38	13.88	13.73

### TABLE OF LEVERAGE RATIO

*In millions of RMB, except for percentages*

Item	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Net tier 1 capital	748,283	670,301	655,785	636,586
Adjusted on- and off-balance sheet assets	12,407,500	11,806,091	11,623,969	11,423,194
Leverage ratio (%)	6.03	5.68	5.64	5.57

### TABLE OF LIQUIDITY COVERAGE RATIO

*In millions of RMB, except for percentages*

Item	March 31, 2021	December 31, 2020
Qualified high-quality liquid assets	2,315,143	2,227,634
Net cash outflow for the next 30 days	934,594	949,497
Liquidity coverage ratio (%)	247.72	234.61