

2019

Corporate Social Responsibility Report

Environmental Social Governance

TOGETHER  
WE MAKE IT BETTER



ABOUT THIS REPORT	03	1	STRENGTHENING RESPONSIBILITY MANAGEMENT	17	4	PRACTICING GREEN DEVELOPMENT	57	5	MAINTAINING SOUND OPERATION	69	6	SHARING A BETTER LIFE	75	THIRD-PARTY ASSURANCE	91
ABOUT US	04		CORPORATE GOVERNANCE	19		ENHANCING GREEN MANAGEMENT	59		ENHANCING RISK MANAGEMENT	71					
MESSAGE FROM THE CHAIRMAN	05		CONCEPT OF SOCIAL RESPONSIBILITY	23		PROMOTING GREEN FINANCE	61		DEEPENING INTERNAL CONTROL AND COMPLIANCE	71					
MESSAGE FROM THE PRESIDENT	07		STAKEHOLDERS MANAGEMENT	24		IMPLEMENTING GREEN OPERATIONS	64		MAINTAINING BUSINESS CONTINUITY	74					
HIGHLIGHTS	09		SUBSTANTIVE ISSUES	26											
FEATURE STORY: A CENTENNIAL OF SERVICES, A FULL COMMITMENT TO CUSTOMERS	15														
		2	ADHERING TO THE ORIGIN OF FINANCE	27	3	FOCUSING ON TECHNOLOGY INNOVATION	45	7	GROWING TOGETHER WITH EMPLOYEES	77	8	INDEX OF INDICATORS	96		
			IMPLEMENTING NATIONAL STRATEGIES	29		DEPLOYING FINANCIAL TECHNOLOGY	47		TAKING PART IN COMMUNITY DEVELOPMENT	82		FEEDBACK FORM	103		
			SERVING THE RURAL REVITALIZATION	32		EMPOWERING FINANCIAL SERVICES	51		ENGAGING IN PUBLIC CHARITY ACTIVITIES	86					
			HELPING WITH TARGETED POVERTY ALLEVIATION	36		PROTECTING INFORMATION SECURITY	55		FULLY SUPPORTING THE FIGHT AGAINST COVID-19	89					
			SUPPORTING THE SMES	40											

## About This Report

### Scope of the Report

Scope of this report: This report covers the Head Office of Postal Savings Bank of China Co., Ltd. and branches under its administration. "Postal Savings Bank of China" or "PSBC" or "the Bank" or "we" in this report refer to "Postal Savings Bank of China Co., Ltd."

Time span of this report: From January 1, 2019 to December 31, 2019. Part of the contents may exceed the above-mentioned time span.

Release cycle of this report: This is an annual report.

### References for Preparing the Report

This report meets the preparation guidelines of the Opinions on Strengthening Social Responsibilities of Banking Institutions issued by the former China Banking Regulatory Commission, the Corporate Social Responsibilities Guidelines for China's Banking Institutions issued by China Banking Association, the Guidelines for Environmental Information Disclosure of Listed Companies and Report on Performance of Corporate Social Responsibility issued by the Shanghai Stock Exchange, and relevant requirements of the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited, and it was prepared with reference to the GRI-Sustainability Reporting Standards (GRI Standards) issued by Global Sustainability Standard Board, ISO26000:2010-Guidance on Social Responsibility issued by International Organization for Standardization and GB/T36000: Guidance on Social Responsibility issued by the Standardization Administration of the PRC.

### Data Sources of the Report

Financial data in this report are all from the 2019 Annual Report of PSBC (H Share), while other data are mainly from the year 2019 and some data are beyond the above time range. Currency amounts in this report are in RMB. Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the preceding figures.

### Assurance Method for the Report

To ensure truthfulness and reliability, PricewaterhouseCoopers Zhong Tian LLP is engaged to provide limited assurance services on selected key data disclosed in this report in accordance with International Standard on Assurance Engagement - ISAE 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and issues an independent assurance report.

### Publication Format and Language of the Report

This report is published in both print and electronic formats. Printed copies are available in the General Office of the Bank for review by shareholders and other stakeholders of the Bank, and the electronic version is available on the Shanghai Stock Exchange website, HKEx website and the Bank's website.

This report is available in Simplified Chinese, Traditional Chinese and English. In case of inconsistency, the Simplified Chinese version shall prevail.

### Contact Information

General Office of Postal Savings Bank of China Co., Ltd.

Address: No.3 Financial Street, Xicheng District, Beijing, China

Tel: 86-10-68857598 Fax: 86-10-68858859 Email: csr@psbcoa.com.cn

## About Us

The postal savings business in China can be traced back to its start in 1919 with a history of over one hundred years. In March 2007, based on the reform of the previous postal saving management system, the Postal Savings Bank of China was officially established. In January 2012, the Bank was transformed into a joint stock limited liability company. In September 2016, it went public and was listed on the Hong Kong Stock Exchange. In December 2019, the Bank was listed on the Shanghai Stock Exchange, successfully accomplishing the three-step reform, namely "joint stock reform, introduction of strategic investors and initial public offering of A and H shares".

Having approximately 40,000 outlets and delivering services to over 600 million individual customers, the Bank strategically focuses on providing financial services to Sannong customers, urban and rural residents and SMEs and is committed to meeting the financial needs of the most promising customers during China's economic transformation. In addition, the Bank is accelerating its transformation towards a new retail bank featuring data-driven, channel coordination, interaction between wholesale and retail, and efficient operation. It has shown its superior asset quality and significant development potential, and is a leading retail commercial bank in China.

The Bank is committed to serving the real economy, actively implements the national development strategy and supports the construction of the modern economic system of China, and strives for sustainable development. Adhering to the customer-centric philosophy, we have established a financial service system where online and offline businesses connect with each other for joint development, providing our customers with high-quality, convenient and efficient integrated financial services. The Bank adheres to the risk-based approach, establishes an "all aspects, whole process and entire staff" risk management philosophy, and maintains the top-notch asset quality. We continue to follow the principle of "covering both urban and rural areas and delivering services to the broad masses", and actively fulfill our social responsibilities in fields of inclusive finance, green finance, targeted poverty alleviation, etc.

After 13 years of dedicated efforts, the Bank has been playing an increasingly important role in the market with marked influence. In 2019, it ranked 22nd in The Banker's Top 1000 World Banks 2019 in terms of tier 1 capital. It has been rated A+ and A1 by Fitch and Moody's respectively, which are the same as China's sovereignty credit rating. It has been rated A by Standard & Poor's. It has been assigned the "AAAspc" rating by S&P Global (China) Ratings, the issuer credit rating, making the bank the first large state-owned commercial bank to be assigned an issuer credit rating by S&P Global (China) Ratings.

Faced with the period of strategic opportunities for China's economic and social development, the Bank will thoroughly implement the new development concept, comprehensively deepen reform and innovation, accelerate the transformation and development towards "uniqueness, comprehensiveness, lightness, intelligence and intensiveness", continue to improve the quality and efficiency of serving the real economy and the ability of serving customers, and make efforts to be a first-tier large retail bank which is trustworthy, distinctive, prudent and safe, innovative, and with remarkable value.



# Message from the Chairman



The past year of 2019 marked the 70<sup>th</sup> anniversary of the founding of the People's Republic of China and a vital milestone in completing the building of a moderately prosperous society in all respects. Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank conscientiously implemented the decisions and plans of the CPC Central Committee and the State Council as well as regulators' requirements. Adhering to the new development strategy, we were actively engaged in the economic and social development, continued to serve the supply-side structural reform, and firmly supported the three critical battles against potential risks, poverty, and pollution. The Bank took active actions and shouldered due responsibilities, forged ahead, and was formally classified as a large state-owned commercial bank. With the successful IPO on Shanghai Stock Exchange, we fully accomplished the three-step reform, namely "joint stock reform, introduction of strategic investors and initial public offering of A and H shares", and entered the new phase of high-quality development.

**Carrying on its mission throughout the 100-year development of post savings business.** The year 2019 marked the 100<sup>th</sup> anniversary of the postal savings business of the Bank. As time goes by, the genes of inclusive finance are deeply rooted in the Bank. Following the philosophy of "covering both urban and rural areas and delivering services to the broad masses", we kept improving our social responsibility management, incorporated the concept of responsibility into the management and operation of the Bank, committed to building inclusive banking, green banking, harmonious banking, value banking, and created sustainable commercial values for society.

**Adhering to the origin of aspiration and serving the real economy.** The real economy serves as the foundation of finance, and finance is the lifeblood of the real economy. It is the bounden duty for financial institutions to serve the real economy. We took serving the real economy as the foundation of conducting business and achieving development, provided more financial resources to be channeled into the real economy, spared no efforts supporting national strategies, facilitated the development of Sannong customers, rural and urban residents, and small and medium-sized enterprises. Meanwhile, we promoted financial targeted poverty alleviation, and offered financial support for economic growth at multiple levels and on all fronts.

**Enabling advancement through technology and pushing forward intelligent transformation.** A new round of scientific, technological and industrial revolution is transforming people's lifestyle and the business ecosystem. Amid the wave of accelerating digital, intelligent and ecological development of modern commercial banks, the Bank persistently enabled advancement through technology, implemented the strategy of invigorating the Bank through science and technology, and vigorously promoted the deep integration between finance and technology. The Bank had built a "finance+services" intelligent ecosystem, sped up the building of a new intelligent retail bank, and made scientific and technological innovation a new engine driving our transformation and growth.

**Practicing green development and contributing to the building of a Beautiful China.** The development of green finance is an important way to promote ecological civilization. We incorporated the concept of green development into our operational management and business development, continuously improved the environmental and social risk management system, and proactively optimized credit supply structure. While making innovations in green financial products and services, we vigorously supported the development of green, low-carbon and circular economy, and were determined to guard lucid waters and lush mountains and build a beautiful China with our own strength.

**Maintaining sound operation and laying a firm foundation for development.** Regarding effective risk prevention as the lifeblood of business development, we adhered to a prudent risk appetite, and improved the "all aspects, whole process and entire staff" comprehensive risk management system. We firmly held the bottom line of risk management and the defense line of compliance to ensure excellent asset quality and stable operation, laying a solid foundation for developing into a first-class modern commercial bank.

**Adhering to good faith and creating a better life.** We upheld the idea of openness and sharing, continuously improved shareholders' returns, provided sincere services for customers, carried out caring programs for employees, made active contributions to the society, shared the results of financial development with all stakeholders and created a better life together. The preparation of this report was during critical times of fighting epidemic caused by COVID-19. We spared no efforts fighting epidemic and ensured financial service support, worked together with people throughout the country to overcome difficulties, and resolutely help win the battle against the epidemic.

With a century-old history, PSBC will rise with its accumulated strength. Through profound transformation, PSBC will write a new glorious chapter in its history. Starting from a new point, the Bank will embark on a new journey of developing into a modern first-class commercial bank. We will join hands with our investors, customers, employees and the general public to create greater value in the fields of economy, environment and society, provide better services for economic and social development, and satisfy people's needs to live a better life. We strive to make due contributions to the building of a moderately prosperous society in all respects and achieving the first Centenary Goal.

Chairman of Postal Savings Bank of China



# Message from the President



The year of 2019 marked an extraordinary year in the history of Postal Savings Bank of China. The Bank actively shouldered due responsibilities as one of the large state-owned commercial banks, carried out the three main tasks of serving the real economy, preventing and mitigating major risks, and deepening financial reform, and advanced the transformation for better quality, higher efficiency, and greater momentum of development. We fulfilled our responsibilities to all stakeholders, continued to practice our social responsibilities, actively facilitated the sustainable development of economy, environment and society while achieving high-quality development of our own.

**We unswervingly provided services for the real economy, and channeled more financial resources into economic and social development.** We fully supported major national strategies such as the construction of the Xiongan New Area, the coordinated development of the Beijing-Tianjin-Hebei region, the construction of the Yangtze Economic Belt and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area. We vigorously promoted the "Five Major Actions" for Sannong finance and "Ten Business Models" to serve the rural revitalization, with the balance of agriculture-related loans reaching RMB1.26 trillion; intensified the financial support to private enterprises and small and micro enterprises, with the balance of inclusive financial loans to small and micro businesses up to RMB653,185 million; boosted consumption upgrade, with the balance of personal consumer loans reaching RMB2.02 trillion; helped with targeted poverty alleviation and fought against poverty, with the balance of targeted poverty alleviation loans reaching RMB82,456 million.

**We initiated a new stage in digital transformation and helped to create a better life with financial technology.** We strengthened the research and application of new technologies such as cloud computing, big data, artificial intelligence and blockchain, and built a new intelligent retail bank leveraging technology innovation. We launched the self-built scenario "PSBC Canteen" and built an open payment platform. Following the concept of openness, sharing and mutual benefit, we deepened external cooperation with Internet companies, built a "finance+services" intelligent ecosystem, and enabled our customers to have access to financial services whenever and wherever possible.

**We thoroughly implemented the new development concept and continued to promote coordinated development of economy, society and environment.** We incorporated green finance into the outline of medium and long-term development strategy, established specialized departments or institutions for green finance, formulated the credit policy guidelines for green finance, innovated green financial products, and carried out on-site green bank-themed inspection and special investigations on environmental, social and governance risks, to fully promote the building of a green bank. As of the end of the reporting period, the balance of green credit (loans for energy saving and environmental protection projects and services) reached RMB243,301 million, representing an increase of 27.78% compared with the prior year-end.

**We have always adhered to safe and prudent development, and contributed to the maintenance of national financial stability.** We took serious measures to carry out the three-year plan on preventing and mitigating major risks, continued to improve the "all aspects, whole process and entire staff" comprehensive risk management system, and established a long term mechanism for internal control compliance management, laying a solid foundation for sustainable development. As of the end of the reporting period, the Bank maintained excellent asset quality with non-performing loan ratio of 0.86% and allowance to NPLs ratio of 389.45%.

**We adhered to the concept of openness and sharing, and shared the benefits of development with stakeholders.** Following the people-oriented principle, we grew together with employees and took an active part in the community development. The Bank has optimized financial services relating to people's livelihood and enhanced consumer protection. We actively engaged in public charity activities and fully supported the epidemic prevention and control so as to jointly create values and share the better life with the society.

A new start heralds a new journey. Looking ahead, the Bank will continue to follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. With a stronger sense of responsibility, mission, urgency, and firmer confidence and courage, PSBC will develop first-class capabilities for corporate governance, value creation, technological innovation, risk control, team building and strategic execution. We will strive to write a new chapter of high-quality development of the Bank in the new era, and create greater value for investors, customers, employees and the society.

President of Postal Savings Bank of China

# Highlights

## CSR footprint

### 1 Starting a new journey to comprehensively build a first-class moden commercial bank

The Bank was formally classified as a large state-owned commercial bank with an asset size exceeding RMB10 trillion. It was listed successfully on the main board of the Shanghai Stock Exchange and fully accomplished the three-step reform, namely "joint stock reform, introduction of strategic investors and initial public offering of A and H shares". The Bank set up PSBC Wealth Management Co., Ltd. to better serve the real economy and meet the residents' needs for wealth management.



PSBC went public on the Shanghai Stock Exchange

### 2 Supporting the three critical battles

The Bank promoted the implementation of Basel III Accord and the advanced approach of capital management, formulated the implementation opinions on financial support to poverty alleviation and credit policy guidelines for green finance, and took multiple measures to fully support the three critical battles of forestalling and defusing major risks, targeted poverty alleviation, and pollution prevention and control.

### 3 Serving the construction of Xiongan New Area

The Bank set up Xiongan Branch in Hebei Province to better serve the development of Xiongan New Area. The Bank subscribed for RMB3.38 billion bonds that were issued by Hebei Provincial Government for the construction of Xiongan New Area, granted a credit line of RMB80 billion to China Xiongan Group Co., Ltd., and subscribed for RMB140 million perpetual bonds of the Group. It also granted loans of RMB173 million to the public service center, the first infrastructure construction project in Xiongan New Area. The Bank took multi-dimensional and concrete actions to support the construction of Xiongan New Area.



PSBC financed the building of Nansha Bridge

### 4 Serving the construction of Guangdong-Hong Kong-Macao Greater Bay Area

The Bank launched the action plan for the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, leveraged the advantages of its funds and outlets, provided innovative service models, continued to intensify the resources support such as credit investment in the Greater Bay Area, and comprehensively strengthened the cooperation with partners in the area to help it deepen reform and expand opening up.

### 5 Serving the rural revitalization

The Bank issued the implementation opinion on how to serve the rural revitalization, promoted the "Five Major Actions" for Sannong finance and "Ten Business Models" to serve the rural revitalization, continued to increase credit supply to key Sannong areas and county areas, and continued to improve the operation mechanism of the Sannong Finance Department. We actively served supply-side structural reform of agriculture and fully supported the rural revitalization strategy.

### 6 Supporting the development of private enterprises and small and micro enterprises

The Bank issued guidelines for the review and approval of credit to private enterprises, formulated the implementation rules of credit due diligence and liability exemption for small and micro enterprises, established a characteristic model for small and micro financial services, and vigorously supported the development of private technology-based small and micro enterprises. Besides, we adhered to the principle of commercial sustainability, strengthened the risk control, and continued to meet the diversified financing needs of private enterprises and small and micro enterprises to improve their sense of access to financial services.



Customer managers of credit business carried out an in-depth research at a client's company

### 7 Fully supporting the prevention and control of COVID-19

Since the outbreak of the epidemic, the Bank conscientiously implemented decisions and plans of the CPC Central Committee and the State Council, as well as requirements of regulators, put unwavering efforts into fighting against the epidemic and providing financial services, targeted its efforts by accurately supporting enterprises engaged in epidemic prevention and provided differentiated services to enterprises in difficulties. We gave full play to the advantages of online and offline integration, simplified the offline business process, fully supported the funding needs of Sannong customers, and provided funds for spring planting and agricultural product supply. We protected the rights and interests of customers affected by the epidemic including those relating to personal credit scoring. Meanwhile, we donated RMB30 million to Wuhan and resolutely helped win the fight against epidemic.



PSBC outlets continue to provide financial services to customers during the epidemic.

### 8 Accelerating the New Retail transformation by financial technology

The Bank increased the investment in technology. As of the end of the reporting period, the Bank invested RMB8,180 million in information technology compared with RMB7,197 million of the prior year, accounting for 2.96% of the operating income in 2019. We deepened the technological cooperation, set up a technology innovation fund, and established the Financial Technology Innovation Department and Information Management Department. We strengthened the IT team building, accelerated the application and innovation of new technologies, expanded the application of blockchain, artificial intelligence and Internet of Things, promoted the deep integration of technology and business, and strove to provide digital and intelligent financial technology services to customers.

### 9 Strengthening the business continuity management (BCM)

The Bank implemented Business Impact Analysis and Risk Assessment, optimized the Business Continuity Overall Contingency Plan, and formulated special contingency plan of important businesses including personal savings, electronic payment, credit card, mobile banking, personal online banking, telephone banking, corporate settlement, etc. to improve BCM capabilities and firmly defend the bottom line of no systematic risks.

### 10 Enhancing the protection of consumer rights and interests

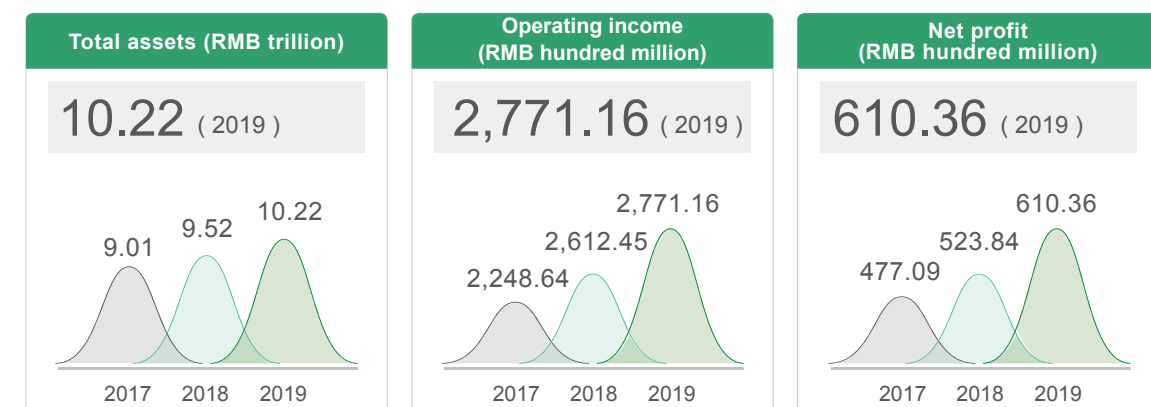
The Bank further incorporated the concept of consumer rights protection into corporate governance, corporate culture building and business development strategy. We established Consumer Rights Protection Department, and strengthened the assessment of consumer rights protection of the Bank. We also enhanced the work ability of consumer rights protection, improved service level, strengthened the dissemination of financial knowledge, and raised the public awareness and capability of preventing financial risks.

### 11 Continuing to carry out "PSBC Love Charity" activities

Relying on "PSBC Love Charity Platform", we further integrated internal and external resources, online and offline resources to continuously support public welfare. We carried out activities such as "PSBC Public Welfare Day", "PSBC Charity Jogging" and "PSBC Love Charity Visit", to communicate the public welfare philosophy of PSBC, mobilizing more customers and people to participate in public welfare. In 2019, PSBC Love Charity Foundation raised RMB7,336,400 through donation by the Bank and donation channels such as Tencent Charity Platform, the Bank's mobile banking, personal online banking, ATM, etc.

## CSR performance

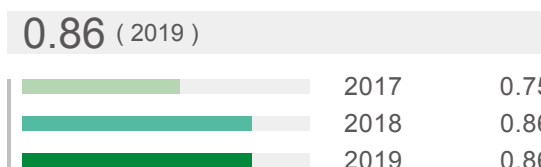
### Business Performance



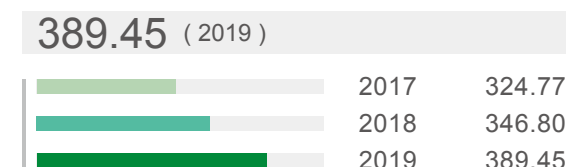
#### Return on average total assets (%)



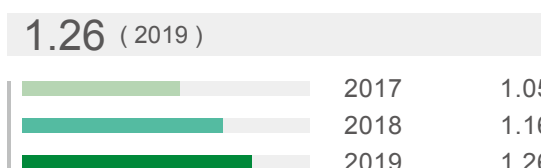
#### Non-performing loan ratio (%)



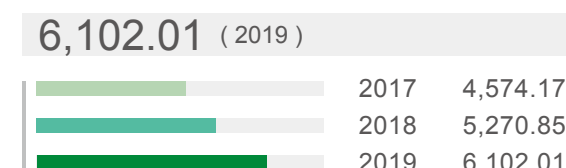
#### Allowance to NPLs ratio (%)



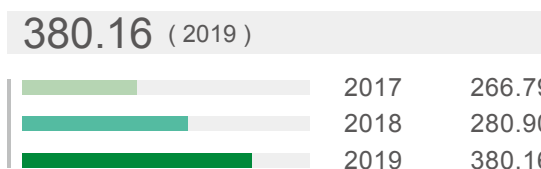
#### Balance of agriculture-related loans (RMB trillion)



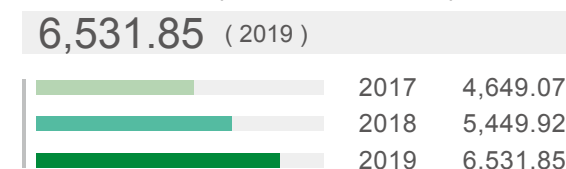
#### Personal micro loan balance<sup>1</sup> (RMB hundred million)



#### Number of outstanding personal micro loans<sup>1</sup> (in ten thousand)

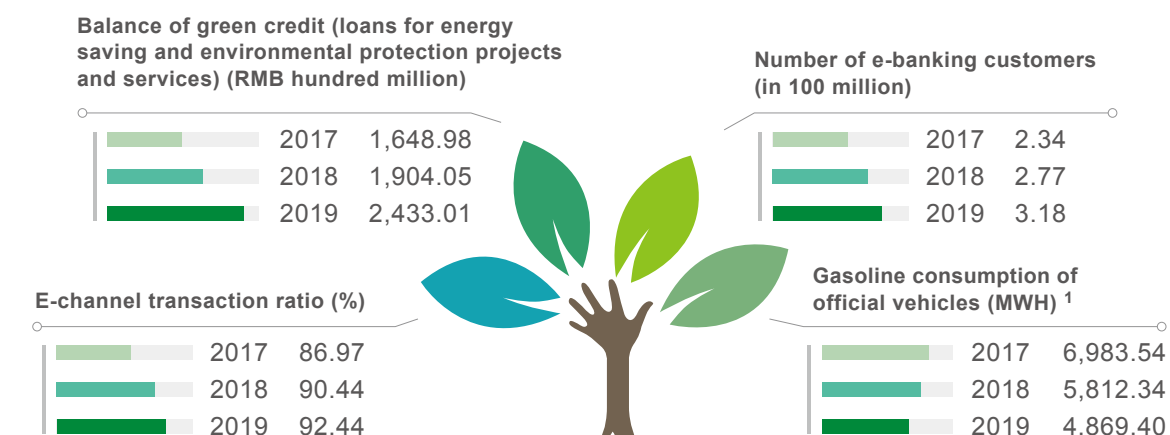


#### Balance of inclusive financial loans to small and micro businesses (RMB hundred million)



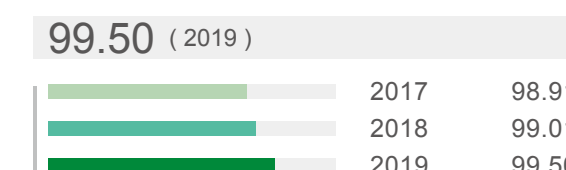
Note: 1. Since the launch of the credit business platform in August 2019, the Bank has integrated the original businesses of personal business loans and personal micro loans, and collectively referred them as personal micro loans. The data for 2017 and 2018 were calculated according to the new statistical standard.

## Environmental Performance

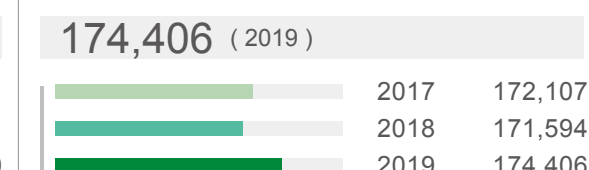


## Social Performance

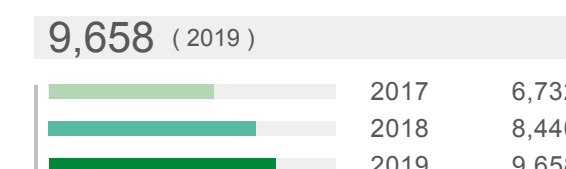
### Customer satisfaction of 95580 service (%)



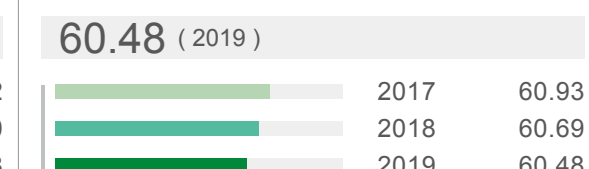
### Total number of employees<sup>2</sup>



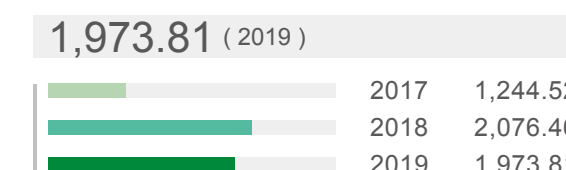
### Number of outlets with wheelchair access



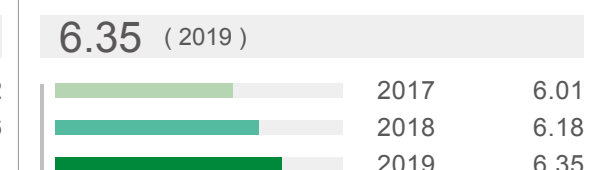
### Proportion of female employees<sup>3</sup> (%)



### Public welfare donations (RMB ten thousand)



### Proportion of ethnic minority employees<sup>3</sup> (%)



Note: 1. The gasoline consumption statistics of official vehicles include the Head Office of the Bank and its tier-1 branches. The value is calculated based on the gasoline consumption of official vehicles and the relevant conversion factors provided in General Principles for Calculation of Comprehensive Energy Consumption (GB/T2589-2008), a national standard of the People's Republic of China.

2. For 2017, there were 556 employees from holding subsidiaries and 15,019 labor dispatch employees. For 2018, there were 785 employees from holding subsidiaries and 14,091 labor dispatch employees. For 2019, there were 877 employees from holding subsidiaries and 15,730 labor dispatch employees.

3. The statistical standard includes contract workers, employees from holding subsidiaries.



CSR Honors



Awards	Issued by
Bank Technology Development Award	People's Bank of China
Excellent Organizer of Joint Financial Education and Publicity Campaign	CBIRC Financial Rights Protection Bureau
Excellent Organizer in the "3.15" Consumer Rights Protection Education and Publicity Week of the Banking Industry and Insurance Industry	CBIRC Financial Rights Protection Bureau
Best Performance for Inclusive Finance	China Banking Association
Award for Helping to Win the "Three Critical Battles"	China Banking Association
Award for Innovation Practice	Payment & Clearing Association of China
Award for Convenience Service	Payment & Clearing Association of China
Outstanding Institution for Treasury Savings Bonds (Digital)	China Central Depository & Clearing Co. Ltd.
Core Dealer at the Interbank Local Currency Market	National Interbank Funding Center
Top 100 Hong Kong Listed Enterprises – Comprehensive Strength	Top 100 Hong Kong Listed Companies Research Centre
Listed Company with the Best Brand Value	China Securities Golden Bauhinia Awards Committee
Best Retail Bank	Global Finance
Best Retail Bank for Inclusive Finance	Asiamoney
Best Listed Company Award	China Financial Market

Awards	Issued by
Top Ten Financial Institutions for Financial Innovation Service to the Real Economy	Hong Kong Commercial Daily
Significant Contribution Award in Financial Technology Innovation	Financial Computerizing
Top Ten FinTech Innovation Award	The Chinese Banker
Best Commercial Bank of the Year	Financial Times
Best Risk Management Bank of the Year	Financial Times
Golden Financial Management Award for Excellent Asset Management Bank of the Year	Shanghai Securities News
Tianji Award for Mobile Banking	Securities Times
Excellent Service Entity for the Real Economy	Securities Daily
Most Promising Retail Bank of the Year	Caijing Magazine
Asian Excellent Retail Bank of the Year	21st Century Media
Excellent Bank of the Year for Green Finance Practice	The Economic Observer
Excellent CSR Case of Financial Company in China	National Business Daily
Best CSR Award from China Business Journal	China Business Journal
Bank of the Year on Small and Micro Financial Services	China Times
Award for Poverty Alleviation of the Year	People.cn
Pioneer Organization on Financial Poverty Alleviation	China.com.cn
Credit Card of the Year	The Paper
State-owned Commercial Bank of the Year	JIEMIAN
Best Bank in Social Responsibility Performance	Eastmoney.com
Outstanding Innovation Award for Smart Outlets	JRJ.com
Outstanding Asset Custody Bank Award	JRJ.com

## Feature Story: A centennial of services, a full commitment to customers

In 1930, Postal Savings and Remittance Administration was established. Since the inception of its postal savings services, the Bank adhered to the operation philosophy of "working on the trivial work even others despise; working towards stability rather than big profit", earning it the name "Bank for the People" for a time.



1930

In 1986, the postal savings business was resumed. By leveraging the advantages of postal outlets, the business widely took small-amount deposits from individuals and raised more funds for the construction of our country. In 1993, postal savings commenced the Green Card Program. In 2001, postal savings was linked to the national banking network.



1986

In 2012, Postal Savings Bank of China was transformed to a joint-stock company. In 2015, the Bank introduced ten strategic investors from home and abroad.



2012

2016



In 2016, the Bank completed the initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited and gained access to international capital markets.



2019

1919



In 1919, Postal Savings Bureau, the predecessor of China Post Savings, was established to offer postal savings business.

1949

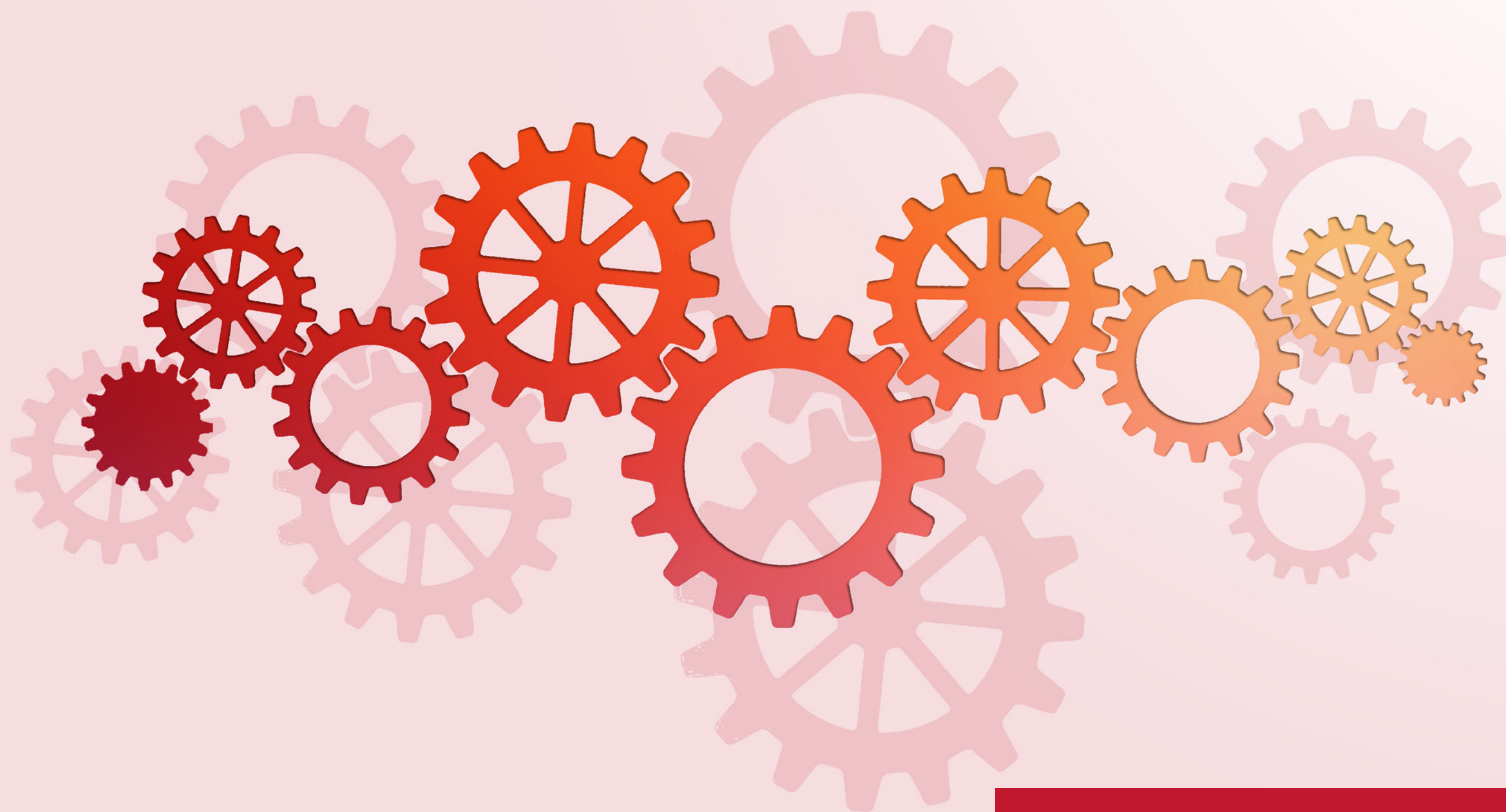


In 1949, Postal Savings and Remittance Administration was taken over by People's Post, and operated under the unified direction of People's Bank of China. In 1950, Postal Savings and Remittance Administration was abolished, and the postal savings business transited into agency services, collecting personal deposits and non-operational group deposits of the public for banks. In 1953, while the postal savings business was suspended, the Bureau continued to offer remittance and exchange services.

2007



In 2007, Postal Savings Bank of China was officially established, strategically focusing on providing financial services to Sannong customers, urban and rural residents and SMEs. Relying on the agency outlets of China Post Group, the Bank established the unique "self-operated + agency" operation model in the banking industry of China.



## Strengthening Responsibility Management

Corporate  
governance

Concept of social  
responsibility

Stakeholders  
management

Substantive  
issues



Corporate governance

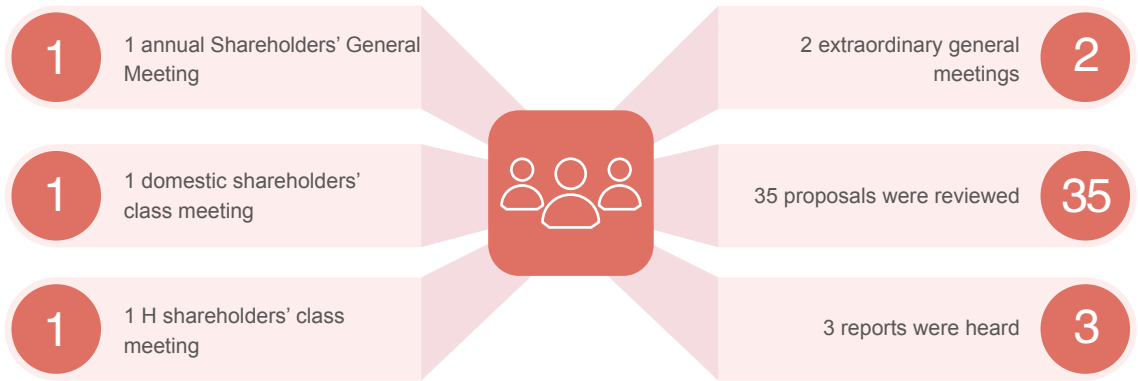
The Bank adhered to Party leadership, strengthened Party building and integrated the leadership of the Party into the whole process of corporate governance. We highlighted the requirements of having Party committee as the first line of decision making on major issues, improved the decision-making procedure on major issues, appointment or dismissal of critical officials, arrangement of major projects and use of funds in large sum, and strictly implemented the democratic centralism. We adhered to the Party's political building as the overarching principle, resolutely implemented the decisions and plans of the CPC Central Committee, conscientiously fulfilled the responsibility for governance over the Party, and promoted the enforcement of full and strict governance over the Party. We carried out the campaign of "remaining true to our original aspiration and keeping our mission firmly in mind" in a down-to-earth manner, guided our Party officials to maintain political integrity, think in big-picture terms, follow the leadership core and keep in alignment with the Party leadership, strengthened our confidence in the path, theory, system and culture of socialism with Chinese characteristics, and resolutely upheld General Secretary Xi Jinping's core position on the CPC Central Committee and in the Party as a whole and resolutely upheld the Party Central Committee's authority and its centralized, unified leadership. We made specific personnel accountable for Party building responsibilities, continued to improve the organizational capability of primary-level Party organizations, and promoted the in-depth integration of the Party building and the operation of the Bank, so as to lead high quality development with high quality Party Building. The Bank considers well-performing corporate governance as the core component of the stable operation and sustainable development of a commercial bank. The Bank insists on integrating the leadership of the Party into the whole process of corporate governance, is committed to optimizing and improving its corporate governance structure and mechanism and strives for more standardized and effective corporate governance, so as to further refine the corporate governance.

Mechanism of corporate governance

In accordance with the demand for the issuance and listing of A shares and relevant regulatory requirements, the Bank comprehensively and systematically reviewed the corporate governance system and made amendments. We amended the Articles of Association, the rules of procedures of Shareholders' General Meeting, the cheme of authorization to the Board of Directors by the Shareholders' General Meeting, to the President by the Board of Directors, and to the special committees of the Board of Directors by the Board of Directors, and the rules of procedures of the meeting of the Board of Directors. The corporate governance system satisfies the operational needs of both A shares and H shares, and it is a more comprehensive and sounder system which provides a solid foundation for the Bank to continuously optimize its corporate governance mechanism.

Shareholders' General Meeting

During the reporting period, the Bank held 1 annual Shareholders' General Meeting, 1 domestic shareholders' class meeting, 1 H shareholders' class meeting and 2 extraordinary general meetings. A total of 35 proposals were reviewed and 3 reports were heard.



Board of Directors

As of the disclosure date of the report, the Board of Directors of the Bank consisted of 12 directors (including 2 female directors). There were 5 independent non-executive directors, accounting for more than 1/3 of the total board members. During the reporting period, the Bank convened a total of 17 meetings of the Board of Directors, deliberated on and discussed total of 101 proposals and heard 14 reports. The Bank convened a total of 37 special committee meetings,deliberated on and discussed total of 98 proposals, and heard 10 reports.

The Board of Directors had 6 special committees.

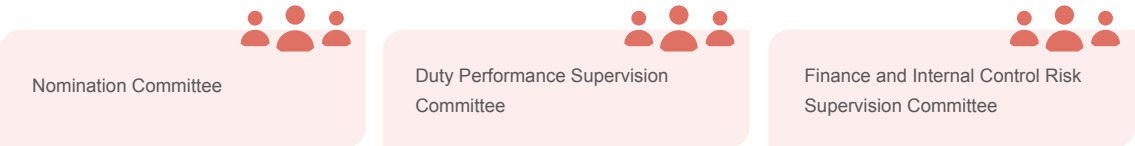


During the reporting period, the Social Responsibility and Consumer Rights Protection Committee convened 6 meetings and deliberated on 7 proposals including the summary of consumer rights protection work of 2018 and work plan of 2019, 2018 social responsibility (environment, society and governance) report, and green bank construction work report of 2018. The Social Responsibility and Consumer Rights Protection Committee reviewed, supervised and evaluated the Bank regarding social responsibility fulfillment, consumer rights protection and green bank building and provided opinions and suggestions to the Board of Directors.

Board of Supervisors

As of the disclosure date of the report, the Board of Supervisors of the Bank comprised 9 supervisors. During the reporting period, 10 Board of Supervisors meetings were held where 27 proposals and 41 reports were submitted. Meanwhile, the Bank held 10 meetings of the special committees of the Board of Supervisors and reviewed 32 topics.

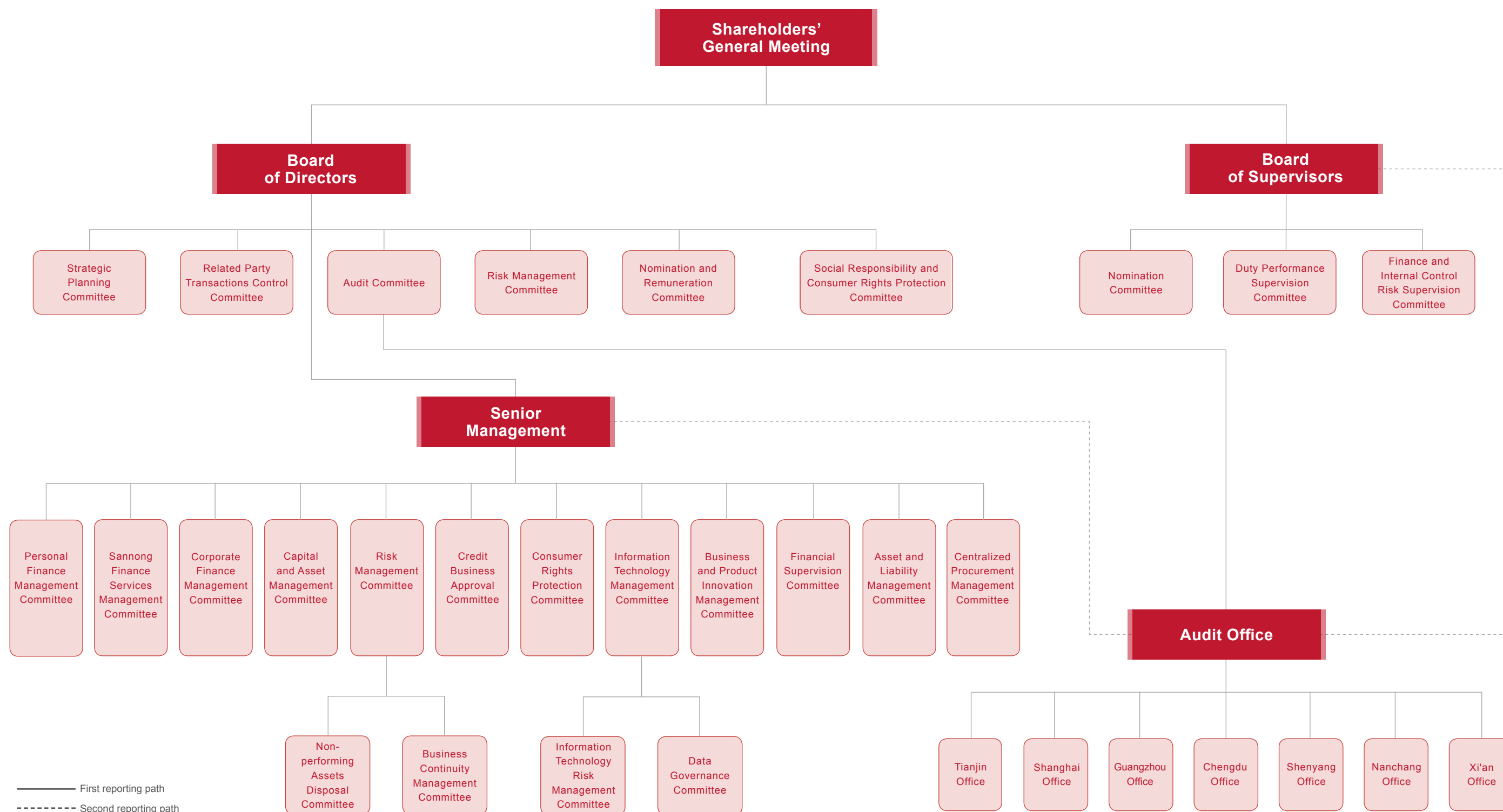
The Board of Supervisors had 3 special committees.



Senior Management

The Senior Management is the executive body of the Bank, and shall be accountable to the Board of Directors and supervised by the Board of Supervisors. The division of powers between the senior management and the Board of Directors is in strict compliance with the Articles of Association and other corporate governance documents. As of the disclosure date of the report, the Senior Management of the Bank consisted of 9 members.

# Corporate governance structure



Note: For more information on the corporate governance, please refer to the 2019 Annual Report of PSBC published on the Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited and the website of the Bank.

Concept of social responsibility



Stakeholders management

Stakeholders	Core expectations and demands	Method of communications	Response and measures
Government	<ul style="list-style-type: none"><li>Complying with national policies and guidelines</li><li>Serving the three critical battles</li><li>Serving supply side structural reform</li><li>Facilitating opening-up and development</li><li>Continuously boosting reform and transformation</li></ul>	<ul style="list-style-type: none"><li>Reports on special topics</li><li>Routine communication</li></ul>	<ul style="list-style-type: none"><li>Complying with laws and regulations</li><li>Implementing policies and guidelines</li><li>Responding to national calls</li><li>Implementing national strategies</li></ul>
Regulatory authorities	<ul style="list-style-type: none"><li>Conducting business in accordance with laws and regulations</li><li>Improving corporate governance</li><li>Strengthening comprehensive risk management</li><li>Intensifying anti-money laundering efforts</li></ul>	<ul style="list-style-type: none"><li>Work reports</li><li>On-site inspections</li><li>Off-site supervision</li><li>Conferences and seminars</li></ul>	<ul style="list-style-type: none"><li>Implementing regulatory policies</li><li>Improving corporate governance</li><li>Strengthening risk prevention and control</li><li>Accepting supervision and assessment</li></ul>
Shareholders	<ul style="list-style-type: none"><li>Promoting business development and improving profitability</li><li>Strictly controlling risks to boost sound management</li><li>Disclosing information timely, accurately and comprehensively</li></ul>	<ul style="list-style-type: none"><li>Shareholders' General Meeting</li><li>Announcements from the Board of Directors</li><li>Periodic reports</li><li>Results conference</li><li>Routine communication</li></ul>	<ul style="list-style-type: none"><li>Achieving sound operation</li><li>Carrying out comprehensive risk management</li><li>Increasing transparency in information disclosure</li></ul>
Customers	<ul style="list-style-type: none"><li>Strengthening financial technology innovation</li><li>Accelerating innovations in financial products and services</li><li>Protecting consumer rights and interests</li><li>Broadening service channels</li><li>Continuously optimizing business processes</li></ul>	<ul style="list-style-type: none"><li>Business Outlets</li><li>Electronic banking</li><li>Official website</li><li>WeChat platform</li><li>Product promotion</li><li>Remote Banking Center</li><li>Satisfaction surveys</li><li>Training and promotion conferences</li></ul>	<ul style="list-style-type: none"><li>Strengthening technology innovation</li><li>Providing diversified, convenient and intelligent financial products and services</li><li>Strengthening consumer rights protection</li><li>Timely releasing product and marketing announcements</li></ul>
Partners	<ul style="list-style-type: none"><li>Fair and transparent</li><li>Mutually beneficial and win-win</li><li>Promoting industry development</li><li>Implementing responsible procurement</li></ul>	<ul style="list-style-type: none"><li>Business exchanges</li><li>Industry seminars</li><li>Information disclosure</li><li>Supply and demand discussions</li></ul>	<ul style="list-style-type: none"><li>Adhering to the principles of honesty and fair competition</li><li>Improving procurement management</li><li>Participating in industry exchanges</li></ul>



Stakeholders	Core expectations and demands	Method of communications	Response and measures
Employees	<ul style="list-style-type: none"><li>● Safeguarding the legitimate rights and interests of staff</li><li>● Improving remuneration incentive system</li><li>● Promoting fair and transparent talent selection mechanism</li><li>● Strengthening the position skill training</li><li>● Enriching staff activities in their spare time</li></ul>	<ul style="list-style-type: none"><li>● Employee Representative Assembly</li><li>● Staff Survey</li><li>● Opinion solicitation and feedback</li><li>● Visits by the management</li></ul>	<ul style="list-style-type: none"><li>● Upholding equal employment</li><li>● Improving remuneration system</li><li>● Enhancing career development</li><li>● Establishing a modern commercial bank education and training system</li><li>● Developing caring and recreational activities</li></ul>
Public and media	<ul style="list-style-type: none"><li>● Disclosing information timely and objectively</li><li>● Ensuring smooth communication and response</li><li>● Building harmonious communities</li></ul>	<ul style="list-style-type: none"><li>● Official website</li><li>● Weibo, WeChat and other platforms</li><li>● Dissemination of financial knowledge</li><li>● Media interviews</li></ul>	<ul style="list-style-type: none"><li>● Diversified promotion of financial knowledge</li><li>● Conducting public charity activities</li><li>● Participating in community building</li></ul>
Environment	<ul style="list-style-type: none"><li>● Supporting the development of green and low carbon economy</li><li>● Improving environmental and social risk management</li><li>● Promoting the establishment of green finance system</li></ul>	<ul style="list-style-type: none"><li>● Information disclosure</li><li>● Promotion of green finance</li></ul>	<ul style="list-style-type: none"><li>● Optimizing the credit structure</li><li>● Strengthening environmental and social risk management</li><li>● Innovations in green financial products and services</li><li>● Launching green office</li><li>● Implementing green procurement</li></ul>



Investor relations

The Bank adhered to the principle of closely following the market, being forward-looking in judgment, being professional and efficient, as well as comprehensiveness and synergy, smoothed multi-channel communication platforms, continuously tracked regulatory trends, market focuses and analyst research reports, and established an effective internal and external coordination mechanism. It has taken investor communication activities as opportunities and relied on platforms such as results presentations and roadshows to display business development achievements in an all-round way, convey investment value in a timely manner, addresses questions of interest and maintain a high interaction frequency with capital market. During the reporting period, the Bank held results presentations, roadshows, capital markets corporate days and other activities. It attended 12 investor summits at home and abroad; received around 30 visits for investors and analysts. It communicated and exchanged with around 1000 institutional investors and analysts domestic and overseas. During the IPO of A share listing, through campaigns such as roadshows and group meetings, the Bank achieved an extensive coverage of nearly 200 institutional investors, actively conveyed the unique competitive advantages of the Bank, and established a positive and proactive image, which enhanced investors' confidence.

Substantive issues

The Bank analyzed the domestic and international economic and social development environment, collated the regulations and requirements of the government and regulators, and followed up inquiries and concerns from investors and rating agencies in a timely manner. It also collected and collated feedbacks and suggestions from stakeholders like customers, shareholders, employees, partners and the media, and identified and prioritized the issues based on the degree of their impact on the sustainable development of the Bank and impact on the stakeholders, in order to determine the substantive issues.



- 1

Practicing inclusive finance
- 2

Supporting the real economy
- 3

Developing financial technology
- 4

Protecting consumers' rights and interests
- 5

Improving shareholders' return
- 6

Developing green finance
- 7

Operating in compliance with laws and regulations
- 8

Strengthening risk control
- 9

Improving corporate governance
- 10

Innovating products and services
- 11

Enhancing employees' capabilities for career development
- 12

Protecting employees' rights and interests
- 13

Implementing green and low-carbon operation
- 14

Implementing responsible procurement
- 15

Conducting public charity activities





## Adhering to the Origin of Finance

Implementing  
national  
strategies

Serving the  
rural  
revitalization

Helping with  
targeted poverty  
alleviation

Supporting  
the SMEs



## Implementing national strategies

The Bank implemented major national strategies, actively supported the construction of Xiongan New Area, the coordinated development of the Beijing-Tianjin-Hebei region, the construction of the Yangtze Economic Belt and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and provided comprehensive financial support for the implementation of national strategies for regional coordinated development. As of the end of 2019, the balance of the Bank's corporate loans reached **RMB1.74 trillion**, representing an increase of **RMB188,162 million** or **12.12%** compared with the prior year-end, contributing to the implementation of national strategies and the development of the real economy.

Meanwhile, the Bank linked up domestic and overseas cooperative resources to support all-round opening-up, the "Going Global" efforts of domestic enterprises and the Belt and Road Initiative. In 2019, the Bank promoted the implementation of new derivatives businesses such as foreign exchange option, continuously enriched the functions of PSBC's China-ASEAN regional currency center (Dongxing, Pingxiang and Jingxi), and improved the facilitation of RMB investment and trade.

The Bank strengthened the construction of Xiongan New Area and set up Xiongan Branch in Hebei to better serve the development of the Area. By the end of 2019, the Bank subscribed for **RMB3.38 billion** bonds that were issued by Hebei Provincial Government for the construction of Xiongan New Area, granted a credit line of **RMB80 billion** to China Xiongan Group Co., Ltd. and subscribed for **RMB140 million** perpetual bonds of the Group. We also granted loans of **RMB173 million** to the public service center, the first infrastructure construction project in Xiongan New Area.

The Bank continued to support the coordinated development of the Beijing-Tianjin-Hebei region. By the end of 2019, the balance of loans of relevant projects for the development of the Beijing-Tianjin-Hebei region was **RMB59,803 million**.

### Case Study

#### Providing comprehensive financial support for the coordinated development of the Beijing-Tianjin-Hebei region

Facing the opportunities of the coordinated development of the Beijing-Tianjin-Hebei region, leveraging the three-level linkage of the Head Office, branches and sub-branches, Beijing Branch innovated financial products and services, and continuously increased support for infrastructure construction, rail transit, ecological and environmental protection, technology innovation, green agriculture and other industries in the Beijing-Tianjin-Hebei region.

It established the Beijing-Tianjin-Hebei financial product innovation team, grasped the key links of transportation integration, industrial transfer, clean energy, cultural tourism and housing, and actively coordinated resources to provide the whole-process, full-chain and packaged financial solutions to major projects of the region, and delivered diversified, comprehensive and in-depth financial services for the integrated development of the region.

In 2019, Beijing Branch provided financial support for the construction of Changping Line of Beijing Metro, the municipal supporting project of the Daxing New Airport Economic Zone (Beijing) – the construction of the Old Qingli Road Line and the integrated pipe construction project, the Western Tianjin Section Project of Jinshi Expressway, and the Xihongmen collective-owned construction land.

As of the end of 2019, Beijing Branch served 21 projects for the coordinated development of the Beijing-Tianjin-Hebei region, and provided loans to 19 of the projects, with a total loan balance of **RMB19,252 million**.

The Bank improved the financial services for the construction of the Yangtze Economic Belt and strengthened the support of credit resources. The credit resources were mainly invested in hydropower, highways, rail transit, ports, modern agriculture and cultural industries in the region. The Bank vigorously supported the construction projects in clean energy such as hydropower in the Yangtze Economic Belt.

### Case Study

#### Supporting the hydropower construction project of the Yangtze Economic Belt

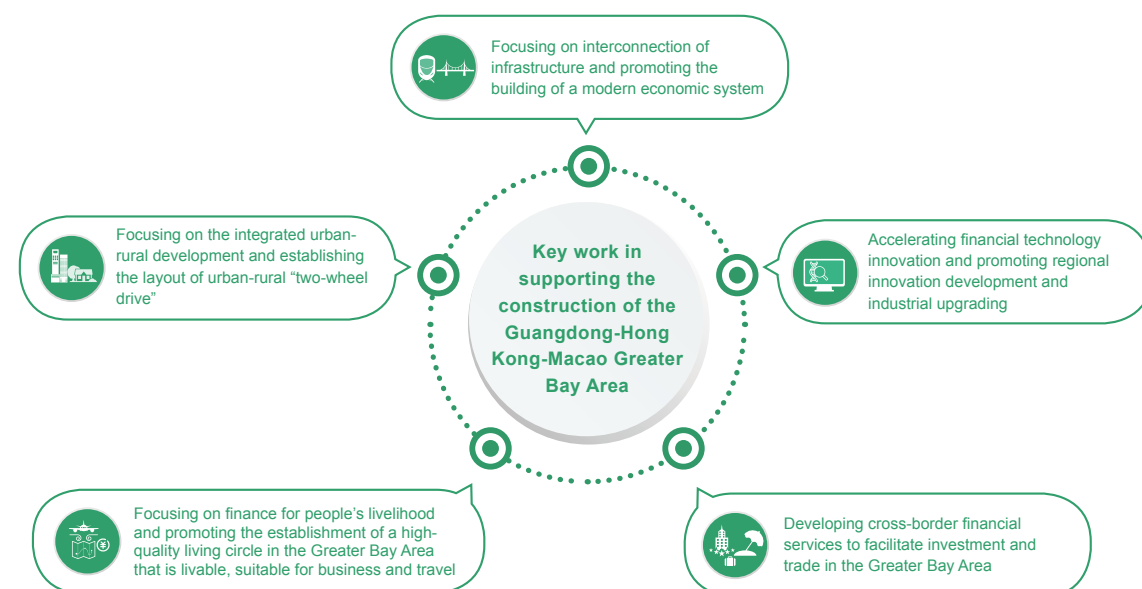
The Yangtze Economic Belt is rich in hydropower resources, so the Bank has made hydropower a key supporting industry in the region. In 2019, the Bank mainly supported Guodian Daduhe Pubugou Power Generation Project, Guodian Daduhe Pillow Dam Hydropower Project, Guodian Daduhe Dagangshan Hydropower Project, Sichuan Huadian Mulihe Hydropower Project, Jiangxi Hongping Pumped Storage Project, Yalong River Basin Hydropower Project and other hydraulic construction projects. As of the end of 2019, the balance of loans for hydropower projects in the Yangtze Economic Belt reached **RMB10,997 million**.



PSBC granted loans to support the construction of Mulihe Lizhou hydropower station in Sichuan Province.

The Bank continuously increased its support of resources for the Guangdong-Hong Kong-Macao Greater Bay Area, strengthened the linkage between the Head Office and branches as well as the interconnection between the Bank and the enterprises, and promoted the integrated construction of the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank launched the Action Plan for the Postal Savings Bank of China to Serve the Guangdong-Hong Kong-Macao Greater Bay Area, focusing on five major aspects including infrastructure, integrated urban-rural development, livelihood finance, financial technology innovation and cross-border finance, so as to deepen the reform and expand the opening-up of the Guangdong-Hong Kong-Macao Greater Bay Area.





## Case Study

### Facilitating the construction and opening of Nansha Bridge

On April 2, 2019, the Nansha Bridge (Humen Second Bridge) was officially opened to traffic, serving as a new artery for communication between the east and west banks of the Pearl River Estuary, which greatly facilitated the travel of residents. In the construction of the super project Nansha Bridge, Guangzhou Branch of Guangdong Province, being the lead bank of the syndicated loan, issued loans of RMB8.662 billion, which effectively guaranteed the construction capital demand of the bridge, supported the construction of the three-dimensional transportation network in Guangzhou, and promoted the interconnection of the Guangdong-Hong Kong-Macao Greater Bay Area.



PSBC led the syndicated loan and supported the interconnection of the Guangdong-Hong Kong-Macao Greater Bay Area

The Bank facilitated supply-side structural reform, and highlighted the supply of credit to emerging strategic industries, advanced manufacturing industry and modern service industry. We gave priority to supporting manufacturing industries which were in line with national industrial layout, technological reform directions and consumption upgrade trends, and fully supported the transformation and upgrading of the industrial structure.

## Case Study

### Supporting the transformation and upgrading of the automobile industry

In December 2019, the Bank successfully held the first "Forum on Development of Automotive Industry Chain Finance", invited many well-known automobile companies at home and abroad to attend, and announced to fully enter into the automobile industry chain finance sector. The Bank continuously stepped up its financial support to the automobile industry, promoted the application of technologies such as big data, internet of things and blockchain in the field of automobile finance, and established close cooperation with automobile manufacturers, dealers, suppliers and other service providers, committing to building a highly valuable and efficient ecosystem of the automobile industry and contributing to the transformation and upgrading of the advanced manufacturing industry in China.

## Serving the rural revitalization

The Bank conscientiously implemented the decisions and plans of the CPC Central Committee and the State Council on the implementation of the rural revitalization strategy, issued the Implementation Opinion on Serving the Rural Revitalization in 2019 and Notice on the "Ten Business Modes" for Rural Revitalization by Postal Savings Bank of China. We focused on key areas and key service targets for rural revitalization, strengthened credit support, optimized product and service modes, steadily promoted the building of a coordinated agriculture support ecosystem, and comprehensively served the strategy of rural revitalization.

As of the end of 2019, the balance of agriculture-related loans of the bank reached **RMB1.26 trillion**, representing an increase of **RMB102,532 million**, or **8.83%**, compared with the prior year-end. The Bank granted personal micro-loans of more than **RMB4 trillion** in total, and the balance of personal micro-loans amounted to **RMB610,201 million**.

### Supporting key target groups of rural revitalization

**New types of agricultural operating entities:** The Bank strengthened the cooperation with the Ministry of Agriculture and Rural Affairs, the State Agricultural Credit Guarantee Alliance and the State Financing Guarantee Fund. We accurately served emerging agribusinesses, established a scientific and reasonable sharing mechanism, and provided unsecured loans to family farms and large professional households with good repayment records and certain operating scale. Besides, we formulated customized special financial service plans based on the list of key farmers' professional cooperatives, and steadily promoted loans secured against rural property rights such as operating rights of contracted rural land and farmers' housing property rights. We also focused on supporting the cultivation of agricultural products, forestry industry, large-scale livestock and poultry breeding, fertilizer and feed, processing of agricultural and sideline products and circulation industries with distinctive advantages.

**Small-scale farmers:** The Bank sped up to build creditworthy villages and towns, and gave priority to administrative villages and towns with a concentration of competitive featured industries, good credit environment and strong capital demand. We actively promoted financial services for agricultural industry chain, and helped small farmers to develop production through various means such as core enterprises guarantee.

**Rural innovation and entrepreneurship:** The Bank strengthened cooperation with local authorities such as finance, human resources, etc., actively promoted micro guaranteed loans for re-employment, innovation and entrepreneurship, and supported the innovation and entrepreneurship of returning migrant workers, college students, soldiers transferred to civilian work, and science and technology commissioners.

## "Five Major Actions" for Sannong finance



### Internet loan acceleration

The Bank developed self-operated internet loans such as the Speedy Micro Loan, cooperated with core enterprises on the development of internet loans for industrial chains, and promoted the joint cooperation on internet loans on platforms with Internet enterprises, which were the three major development models of internet micro loans adopted by the Bank. Internet micro loans greatly improved the approval efficiency of loans to farmers, individual business owners and owners of small and micro enterprises, and facilitated the transformation of micro loans from the labor-intensive loans to the ones empowered by technologies.



### Digital process transformation

The Bank actively applied advanced technologies such as mobile communication, big data, cloud computing and artificial intelligence, accelerated the technological empowerment, promoted the transformation of the digital process of micro loans, and achieved digitization, intelligence and standardization throughout the process.



### Wholesale and retail coordinated operations

Relying on core enterprises, the Bank developed typical service plans for agricultural industry chain; promoted the integrated "market+merchant" financial services by supporting market construction and operation; focused on distribution companies and improved supply chain financial services; focused on local backbone projects with strong leading effect on related industries and promoted the linkage of "project loan+industry finance+consumer finance".



### Risk prevention measures

The Bank embedded key technologies such as face recognition, electronic signing and automatic positioning in business processes, so as to achieve the authenticity of investigation and post-lending inspection. We adopted post-lending warning and risk monitoring models in the retail credit evaluation system, applied technologies and improved risk management and control.



### Synergy with China Post Group

The Bank further leveraged the advantages of agency financial outlets to carry out pilot of auxiliary micro loans at agency business institutions in 6 provinces, and expanded the coverage of microfinance services to better meet the credit needs of rural customers.

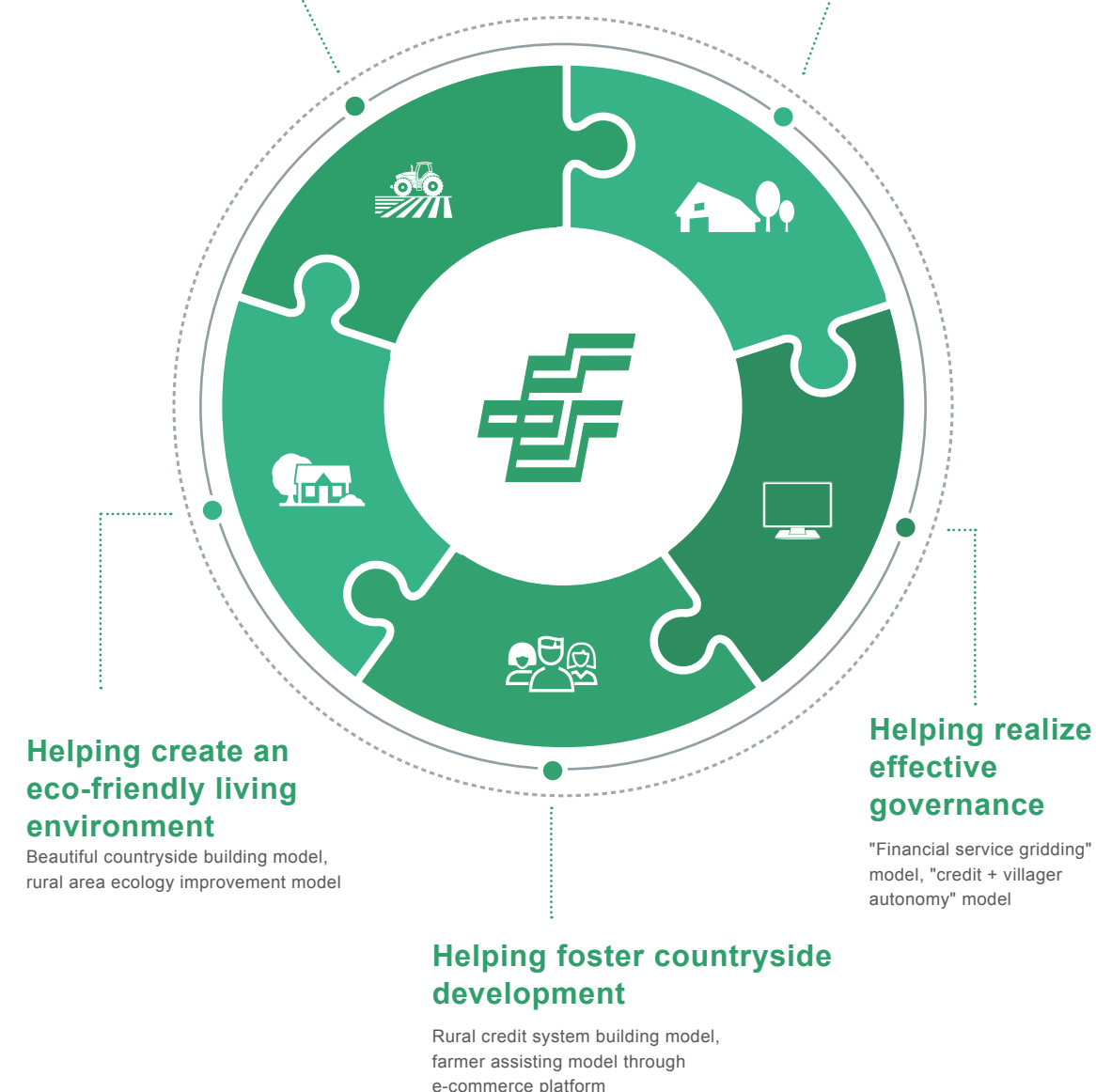
## "Ten Business Models" for rural revitalization

### Helping promote industry prosperity

Agricultural industry chain model, modern agriculture leading model

### Helping make people better off

"Distinctive industries, specialized market and business circle" model, "emerging agribusinesses + agricultural guarantee" model



## Case Study

### Portrayed a "scroll painting" of a new village of happiness and beauty

Located in Shuangliu District of Chengdu, Sichuan Province, Muxi Village, Changcun Village and other villages of Peng Town used to be places where villagers scattered all over, with poor living conditions and severe pollution, and were hard to manage. Shuangliu District implemented the rural revitalization strategy and proposed the plan to build a new village of happiness and beauty. However, local villagers and the farmers' professional cooperatives faced problems of lacking valid collateral in loan application.

To solve the problem of funding for new village construction, PSBC Sichuan Branch launched the innovative loans of "corporate loans to small enterprises for the new village building" and "beautiful new village construction loans" successively. Through the introduction of guarantees from guarantee companies, the Bank supported the local community to adopt a comprehensive method for land improvement, which accelerated the integration of urban and rural areas, and improved the living environment of villagers. The construction of new village was implemented under a unified self-built method. After the completion of the new village, villagers can not only give a full play to the featured advantages of the new village and the environment, but also actively develop the rural tourism industry. In addition, villagers can make use of the surplus of rural construction land to generate income and drive the industrialization for local rural areas.

As of the end of 2019, PSBC Sichuan Branch issued RMB39.9 million of corporate loans to small enterprises for the new village building of Muxi Village and Cheqi Community of Shuangliu District. It also granted loans of RMB125 million to three centralized construction projects in Changcun Village, Jiahe Village and Jingshan Village in the district.



Happy for the fruitfulness

## Helping with targeted poverty alleviation

The Bank earnestly implemented the decisions and plans of the CPC Central Committee, and comprehensively supported targeted poverty alleviation and fight against poverty. We formulated the Implementation Opinions on Financial Support for Poverty Alleviation in 2019, strengthened the financial targeted poverty alleviation, innovated the financial poverty alleviation system and mechanism, comprehensively enhanced the accuracy, effectiveness and sustainability of financial poverty alleviation, and facilitated the fight against poverty alleviation.

As of the end of 2019, the number of outlets of the Bank was 39,638. Among them, the number of outlets at county level and below was 27,672, accounting for 69.81% of the total number of outlets of the Bank. The balance of targeted poverty alleviation loans<sup>1</sup> (including loans for people who have been out of poverty and loans contributing to poverty alleviation efforts) reached RMB82,456 million, representing an increase of RMB21,259 million compared with the prior year-end. Specifically, the balance of personal targeted poverty alleviation loans was RMB48,591 million; the balance of corporate target poverty alleviation loans was RMB33,864 million; the balance of loans granted to severely impoverished "Three Regions and Three Prefectures" was RMB24,913 million, with the growth rates of loans higher than the average levels in the provinces (regions and municipalities).

### Supporting registered poor households

The Bank provided poverty alleviation micro-credit service to registered poor households, and supported them to develop business and production. As of the end of 2019, the balance of loans for the registered poverty population and for those who had been lifted out of poverty was RMB41,439 million.

The Bank focused on registered poor households and deepened the cooperation with the Poverty Alleviation Office and the first secretary stationed in the villages to steadily promote the development of poverty alleviation micro finance.



The Bank supported emerging agribusinesses and leaders in wealth creation who played a leading role among registered poor households, and guided them to hire those poor households or sign assistance/transaction agreements with them, creating more ways to increase their income.



The Bank put into full play the informational and technical advantages of village officials and talents in the rural areas, and drive the registered poor households to develop production, get rid of poverty and increase income.



The Bank deepened cooperation with education departments to make education loans to poor students and helped solve their problem of school attendance, breaking the cycle of inter-generational poverty.



Note: 1. According to the PBOC, the statistical standards of financial targeted poverty alleviation loans have changed. First, for "transportation infrastructure loan", roads in impoverished areas only refer to roads in counties and lower-level areas; second, "loans to those already out of poverty" only refer to loans granted to those "who have been lifted out of poverty but still enjoy the poverty alleviation policy".



## Promoting the development of featured industries in poverty-stricken areas

The Bank focused on supporting family farms, farmers' professional cooperatives and small and micro enterprises which can help with poverty alleviation, and supported the featured industrial economic development of poverty-stricken areas by focusing on featured industries such as cultivation, tea and homestay. The Bank actively connected with local industrial poverty alleviation project database, launched industry chain loans and provided comprehensive financial services around leading enterprises in poverty-stricken areas and their upstream and downstream customers, so as to ensure that the industrial development truly benefited the poor households. As of the end of 2019, the balance of industrial targeted poverty alleviation loans was **RMB25,209 million**.



PSBC supported the development of the chilli industry and helped farmers get out of poverty

## Supporting infrastructure construction in poor regions

The Bank accurately connected poverty-stricken areas with development planning, stepped up support for poverty alleviation projects such as rail transit, water conservancy, hydropower and power grid construction in poor regions, as well as livelihood projects such as medical and health, gas, water supply and heat supply, to make up for the shortcomings that restricted the development and consolidate the foundation for economic and social development in poverty-stricken areas. The Bank actively supported hydropower development and highway construction in remote areas, and issued special poverty alleviation bonds for poverty alleviation projects.

## Focusing on the development of areas in deep poverty

In 2019, the Bank held the on-site promotion meeting of financial poverty alleviation in the severely impoverished "Three Regions and Three Prefectures", and issued the Implementation Plan of Postal Savings Bank of China for Special Poverty Alleviation and Re-loan of "Three Regions and Three Prefectures". The Bank focused on the severely impoverished "Three Regions and Three Prefectures", and increased inputs in various loans. We strove to raise local development conditions, and improved the linkage mechanism and supporting policies between financial support for industrial development and poverty alleviation. We supported featured industrial projects and poverty alleviation projects such as hardening road, natural gas, etc. We also strengthened resource support for the "Three Regions and Three Prefectures" in terms of institutional management, credit resources, risk management and preferential interest rates. We improved the financial service network in deeply impoverished areas, actively set up financial service points for farmers in appropriate poor areas, and provided financial services at the doorstep of residents in poor areas.

### Case Study

## An example of poverty alleviation in the "Three Regions and Three Prefectures"

Owing to its special historical and natural reasons, Nujiang Lisu Autonomous Prefecture in Yunnan Province was one of the ethnic autonomous prefectures that had the weakest economy, the poorest living standard and the worst infrastructure, of which the poverty alleviation mission was incredibly hard. Sanhe Village was one of the poor villages in Nujiang Prefecture, with 89 poor households formerly. Since 2015, Yunnan Branch has cooperated with a forestry science and technology enterprise in Nujiang to integrate the poor households in Sanhe Village into the industry chain of the enterprise. A total of RMB3.15 million micro loans for poverty alleviation was provided to 63 poor households to encourage them to carry out aralia planting. The enterprises provided technical guidance to the poor households and acquired the aralia planted by poor households with a protection price through the "Order-based Agriculture" model. Meanwhile, PSBC Yunnan Branch provided a RMB2 million industry-targeted poverty alleviation loan to enterprises to support their development, so that they can help lift poor households from poverty.

As of the end of 2019, the loans provided by Yunnan Branch were successfully recovered after maturity, and none of them were overdue. Sanhe Village was smoothly lifted out of poverty, achieving win-win cooperation among the government, banks, enterprises and farmers.



Xincheng Sub-branch in Lushui County granted "Credit Village Award" to Sanhe Village





## Poverty alleviation supported by the "first secretary stationed in the village"

Taoling Community of Chengguan Street in Luonan County, Shangluo City, Shaanxi Province, where the 'first secretary stationed in the village' takes the post, is located in the East Section of Qinling Mountains, Qin-Ba Coteau, which is one of the concentrated and contiguous poverty-stricken areas, with a population of 1,511 in 414 residential households. The major sources of family income in the village came from the wages of the youth migrant workers and farming, which leads to the fact that the macroeconomy of the village was relatively fragile. Hao Jun, an employee from the Head Office of PSBC, assumed the responsibility as the "first secretary stationed in the village" in Taoling Community. Since then, thanks to the joint efforts from the local government and PSBC, a customised "one land, one arroyo, one loess plateau" planting scheme was formulated for the Taoling community with thorough consideration under the basis of scientific planning, which leads to an ongoing development of the local collective economy. Infrastructure was improved with funds raised by different parties, and 92 poor households were accurately classified, registered and provided with targeted support.

In 2019, the Taoling Community was chosen by the Luonan County Committee and Luonan County Government with the reward called "Demonstration Village with Poverty Alleviation in the Whole County". Hao Jun was also rewarded with the "outstanding first secretary stationed in the village for poverty alleviation" in Luonan County. At the end of 2019, Taoling Community completed various poverty alleviation tasks and was removed from the list of poverty-stricken villages. It also successfully passed the poverty exit inspection assessed by Luonan County, Shangluo City, Shaanxi Province and a provincial third party.



PSBC supported the registered poor households to participate in land trusteeship programs, according to which, the enterprises are responsible for production, operation and sales in a centralized manner, and share the profits arising therefrom with registered households. In this way, the Bank helped to improve the agricultural production, increase farmers' income and boost rural development

## Supporting the SMEs

The Bank closely focused on the financing needs of SMEs, improved its financial service system, and strengthened policy and resource support. We followed the trend of financial technology, applied internet thinking, increased product innovation, and continued to optimize the process of service and reduce fee and shared benefits reasonably, so as to address their difficulties in accessing financing and reduce financing costs.

As of the end of 2019, the balance of inclusive financial loans to small and micro businesses amounted to **RMB653,185 million**, and the total cumulative loans granted throughout the year amounted to **RMB605,960 million**, representing a net increase of **RMB108,194 million** compared with the prior year-end. There were **1,516,000** accounts with loan balance, representing an increase of **58,300** accounts as compared with the end of last year. Interest rates remained at a reasonable level and asset quality remained stable. The Bank achieved the targets of "Two Increases and Two Controls" by the CBIRC.

## Top-level design and organizational leadership

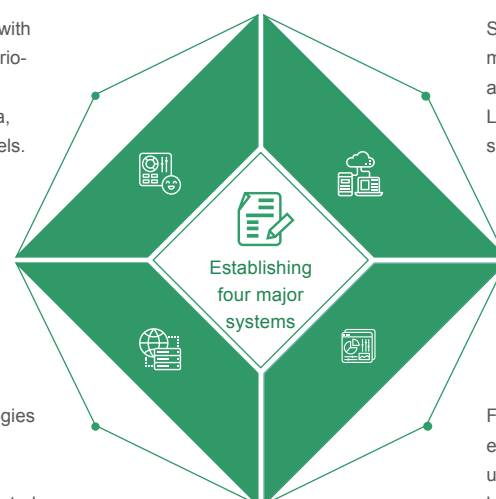
The Bank continued to improve resource allocation and management mechanisms, intensified the support for financial loans to private enterprises and inclusive MSEs, and set up an inclusive finance leading group at the Head Office to coordinate the development of the Bank's inclusive finance business and consider major issues related to the Bank's inclusive finance. The Bank improved the credit policy for private enterprises, issued guidelines for the review and approval of private enterprises and the internal rating and risk limit approval standards for medium enterprises, so as to expand the coverage of credit customers of private enterprises. We forestalled and defused risks, established customer management ledgers for potential credit risk through customer risk mapping, and promoted the establishment of a risk resolution and disposal mechanism for private enterprises. We strengthened the assessment and incentives, implemented due diligence and liability exemption, and issued the Implementation Rules for Credit Due Diligence and Liability Exemption for Small and Micro Enterprises of Postal Savings Bank of China (2019 Version). We strengthened the business research and management of private enterprises and prepared and issued relevant documents on credit technology, review and approval, and risk control research of private enterprises.



Customer Managers of credit business visited private enterprises to understand customers' financial needs

## "4-3-2" special model for financial services to small and micro enterprises

First, we deepened our collaboration with internet companies, and built a scenario-based marketing system focusing on the integration of government big data, industrial chain and third-party channels.



Second, we launched online small and micro loan products, such as "Easy Small and Micro Loan" and "the Speedy Micro Loan", and established the online product system.

Third, we proactively utilized technologies such as big data and mobile network, transformed the traditional credit processes, and established an automated operation system.

Fourth, we improved the accuracy and efficiency of risk management by making use of new technologies including big data, and built an intelligent risk management system.

### Bolstering support in three aspects



First, we bettered the system support, focused on primary levels, created a "main position" for small and micro financial services, gave full play to the role of the inclusive finance leading group and improving the management system.



Second, we perfected the mechanism support by introducing differentiated policies such as preferential performance assessment, preferential internal capital pricing and special credit facilities.



Third, we strengthened the team support by building a dedicated and professional retail credit team.



First, we enhanced the technology pillar. We continued to deliver better financial services to small and micro enterprises and enhance the level of risk control by improving digital business development capability, big data analysis capability and IT systems.



Second, we strengthened the culture pillar by comprehensively shaping the compliance culture and the prudent management concept.

## Platform cooperation and intellectual support

By expanding the cooperation with governments, enterprises and media platforms, the Bank continued to promote the integration of government big data, industrial chain and channel diversion, provided customers with accurate and convenient financial services, and supported SMEs, micro enterprises and private enterprises to develop rapidly. Combined with customs big data, the Bank innovated and launched a cross-border corporate financing model. 31 branches of the Bank achieved direct information connection with the taxation authorities in local government through data docking. With core enterprises as the breakthrough, we successfully docked with the industry chain platforms of core enterprises, and provided batch, automatic, and convenient financing services to the upstream and downstream customers of these high-quality core enterprises. Meanwhile, the Bank cooperated with external institutions to expand customer service channels and further increase the accessibility of financial services for small and micro enterprises.



### Case Study

### PSBC worked with CCTV and launched a program Start-up Heroes to help the development of small and micro enterprises

Since its title sponsorship in the program Start-up Heroes of the CCTV Finance Channel in 2017, the Bank has been fully involved in various activities of the program as the recommender, mentor and supporter in financial services for small and micro enterprises. During these activities, the Bank provided an authoritative brand display stage, professional entrepreneurship counseling and comprehensive financial services for small and micro enterprises, and actively supported the development of private, small and micro enterprises. The Bank has made great contributions to call on the whole society to pay attention to and support the development of private, small and micro enterprises. As of the end of 2019, the Bank had recommended a total of 40 customers presenting their entrepreneurship on the stage of CCTV's program Start-up Heroes. Two of them were selected as "China Entrepreneurship Model 2019" by CCTV.





## Product innovation and service upgrade

The Bank focused on the promotion of the “Easy Small and Micro Loan”. Focusing on 8 scenarios including account opening, settlement, acquiring, bulk payment, provident fund, tax payment, invoicing and delivery, the Bank strengthened internal data mining and external data cooperation using the internet and big data technology, established a scenario-based customer whitelist and comprehensive data evaluation model by category, achieved accurate connection with customer needs, maintained accurate customer portraits, and provided customers with convenient and efficient online services. We actively promoted the seven sub-products of Credit Easy Loan (including Account Easy Loan, Cash Flow Easy Loan, Acquirers’ Easy Loan, Salary Easy Loan, Provident Fund Easy Loan, Tax Payment Easy Loan, Invoicing Easy Loan) and E-commerce Easy Loan. PSBC was the first to join the national SME financing comprehensive credit service platform of the National Development and Reform Commission and created a special “Easy Loan” product to effectively meet the diversified financing needs of small and micro enterprises.

The Bank actively used functions such as electronic signature, electronic map and face recognition to encourage business development through the use of mobile devices and realize automatic operation.



### Case Study

#### Creating innovative Easy Small and Micro Loan “Construction Easy Loan”

To implement the policies of the National Development and Reform Commission and the CBIRC on in-depth implementation of “Easy Loan” to support the financing of small and micro enterprises, the Bank attended “Forum for Credit System Construction of Chinese Cities in 2019”. As one of the first financial institutions joining the national “Easy Loan” platform, it took the lead in developing the innovative credit big data application product in the construction industry, namely Easy Small and Micro Loan “Construction Easy Loan” through the national “Easy Loan” platform. It provided short-term online self-service working capital loans to small and micro enterprises by applying the internet and big data technology in the deep mining of the credit information of small and micro enterprises in the construction industry, so as to facilitate the development of small and micro enterprises. In 2019, as a pilot branch, Xiamen Branch has made it achieved, while branches in Fujian, Hunan, Sichuan, Jiangsu and Shenzhen were actively promoting the loans.



Customer Managers of credit business carried out post-lending visits to small enterprises

### Case Study

#### “E-Commerce Easy Loan” supports e-commerce enterprise development

According to the characteristics of e-commerce industry and the logistics information of postal delivery customers, Anhui Branch and Anhui branch company of China Post Group jointly innovated a credit product called “E-Commerce Easy Loan”. Through combining financial products of the Bank and postal parcel delivery business, the Bank targeted e-commerce enterprises which have long-term cooperation with China Post Group as the main customer group and granted credit based on the operation and sales of e-commerce enterprises and the capital and logistics information, to solve the financing difficulties faced by e-commerce enterprises due to the lack of effective guarantee.

“This product is tailor-made for us. The procedures are easy and convenient, and various discounts on interest rates are offered. For e-commerce enterprises like us, it provides source of funds in a timely manner.”

— Head of an e-commerce company in Anqing, Anhui Province





## Focusing on Technology Innovation

Deploying  
financial  
technology

Empowering  
financial  
services

Protecting  
information  
security



## Deploying financial technology

Adhering to the concept of "Technology-driven Development", the Bank vigorously promoted the in-depth integration of finance and technology, stepped up the investment in technology, implemented IT planning, promoted system building, and established a smart ecosystem, so as to drive high-quality development with technological innovation.

### Stepping up the investment in technology



### Implementing IT planning

The Bank pushed forward the implementation of the 13th Five-Year IT planning of PSBC with full efforts. Following the guideline of "interconnection, sharing, intelligence and innovation" with a combination of new technologies such as big data, cloud computing, mobile internet and distributed computing, the Bank built "16 Major Platforms" such as unified counters and treasury business, and "Seven Data Marts" such as customer management and asset and liability management, so as to improve IT supporting capabilities such as product innovation, channel collaboration, process optimization as well as risk management and control. As of the end of 2019, the overall progress of the Bank's "13th Five-Year IT plan" has exceeded 80%, among which 15 of the planned "16 Major Platforms" have been launched. In addition, the Bank has put two enterprise bus systems into production, and steadily pushed forward digital transformation and the building of smart banking.

## Case Study

### Building the "two places, three centers" platform of cloud services

The Bank made great efforts to promote the digitalized, networked and intelligent transformation. Based on the OpenStack open cloud platform, we constructed an architecture system of cloud services, namely, "two places, three centers", which has improved the efficiency of research and development, shortened the innovation cycle, and provided highly available and reliable service support for business development. As of the end of 2019, the production system cloud platform of the Bank effectively supported 60 systems, such as mobile banking, online banking, channel management platforms and third party payment, with an average daily transaction volume of 378 million, accounting for more than 80% of the total transaction volume of the Bank.

### Promoting system building

Carrying 600 million customers and more than 80% of the transaction volume, the new-generation core system for personal business adopts new methods, new technologies and new models such as enterprise-level modeling, distributed architecture and IT implementation process. It involves transformation of more than 70 peripheral systems, governance of massive data, infrastructure construction and other major tasks. Through the building of the new-generation core system for personal business, the Bank built an enterprise-level information platform with the characteristics of PSBC, supported rapid product innovation, strengthened operational risk management and control, and improved customer service. Meanwhile, we promoted data empowerment, and achieved independent and controllable core technology and significant improvement in independent research and development capabilities, which laid a solid foundation for the digital transformation of retail banking.



PSBC's data center



## Establishing a smart ecosystem

The Bank set up multi-dimensional financial and life scenarios, and built a “finance+service” smart ecosystem. Through multi-party cooperation, the Bank empowered business customers, served retail consumers and supported government clients. Meanwhile, it focused on the needs of the real economy, put forth efforts to inspire endogenous creativity, promoted outward cooperation, and pushed forward the in-depth development of financial technology, so as to achieve new value creation through distinctive financial ecosystem.



In line with the trend of internet payment, the Bank launched the Open Payment Platform, a 24/7 payment platform, to provide one-stop services for enterprises and public institutions with online payment and billing management needs. At the same time, we collaborated with third-party institutions to provide multiple online and offline payment channels to meet customers' payment needs at anytime and anywhere. The Open Payment Platform has changed the closed model of the existing payment platform to the scenario-based internet services, solved the payment problems that most people have, including excessive errands, long waiting time and poor experience, and effectively improved the convenience of the payment services. Since its launch in July 2019, the platform has fully utilized the advantages of PSBC network and services in county areas, and has collaborated with more than 1,300 payment institutions.



### Facilitating medical insurance contribution by persons engaged in flexible working

Persons engaged in flexible working feature high mobility and experience various complex situations, which made it difficult for medical insurance contribution. The medical insurance data are not yet shared nationwide, and there is usually a fixed deadline for payment of medical insurance at local levels with different standards and requirements. Despite a series of measures taken by local governments, the current way of centralized collection does not work for persons engaged in flexible working.

In response to the above challenges, cooperated with the Healthcare Security Administration of Boxing County, Binzhou City in Shandong Province, Shandong Branch realized the 24/7 online payment service through the Open Payment Platform, and better met the demands for paying medical insurance anywhere and anytime by persons engaged in flexible working. Regardless of where the payer is, he or she can inquire about the payment standards at any time through mobile banking or WeChat Pay, and complete the authentication and payment in two minutes, eliminating the trouble of queuing to pay fees on site. The cooperation has provided convenience for more than 10,000 persons engaged in flexible working in Boxing County. Based on the experience of this cooperation, Binzhou healthcare security department plans to fully promote the Open Payment Platform in all districts and counties to further improve the payment experience of the insured.



The Bank actively promoted its new retail transformation, cooperated with a number of leading internet enterprises, and launched the transformation of scenario-based financial services. We enriched our mobile banking scenarios with online refueling, non-tax electronic payment and scenarios with postal characteristics. We launched "PSBC Canteen" platform. Through a "Head Office to Headquarters" approach in which suppliers provide products and services directly, we offered value-added services to customers and broadened marketing channels for suppliers, and thereby built an ecosystem covering multi-dimensional financial and life scenarios.



### Creating "PSBC Canteen" as a platform to offer added value to customers

The Bank built a value-added service platform, namely, "PSBC Canteen", where suppliers provide their products directly to the members of the platform at lower prices. Through popular activities, featured benefits, convenience and discounts, the platform attracts customers to join as members and penetrates into all kinds of life scenarios such as food, clothing, housing, transportation, health care, education, recreation and sports. The customers who have carried out related businesses and are eligible for membership will be granted membership and then they can shop at lower prices.

The "PSBC Canteen" platform broke the boundary of traditional financial services, and formed a new channel to support the real economy and benefit the people. Through the new retail model of "online+offline", the Bank provided distribution channels to corporate customers and close-to-life value-added services to individual customers, and established the chain service system of "manufacturing (suppliers) + PSBC Canteen platform + products (services)". Meanwhile, the Bank actively practiced the idea of poverty alleviation via financial services and established the zone of "poverty alleviation shops", where agricultural and sidelines products such as peppers, wild peppers and olive oil from remote areas were promoted and sold nationwide. Thus, the Bank helped solve the marketing problem encountered by farming enterprises, and stimulated their endogenous motivation for further development.

In August 2019, the Bank launched the nationwide promotion of "PSBC Canteen" platform. As of the end of 2019, the cumulative number of real-name-verified users reached 11,387,100.



A customer was picking up goods at "PSBC Canteen" pick-up station



The Bank established an offline service business circle, and expanded cooperation with merchants focusing on high-frequency consumption scenarios such as catering, health care, food markets, supermarkets, education, transportation and government departments. We provided convenient and "Universal QR Code" fund settlement services to merchants from all walks of life.



## Integrated payment at public temporary parking lots

The Bank promoted the innovative model of "transportation + finance", and cooperated with Xining Municipal Transportation Bureau of Qinghai Province to launch the integrated payment service at public temporary parking lots in Xining City, which enriched the parking payment channels, shortened the parking time of the public and simplified the billing process for parking lot administrators, providing citizens with more convenient, efficient, safe and comfortable traffic services in cities. In 2019, the project was put into trial operation in six public temporary parking lots in Xining City.

## Empowering financial services

The Bank attached great importance to technological empowerment, continuously deepened the research and application of new technologies such as cloud computing, big data and artificial intelligence, and created diversified, convenient and intelligent financial services through technological means to improve service quality and efficiency.

## Diversifying our services

The Bank has established and will continuously optimize its e-banking channel system including mobile banking, online banking, telephone banking and WeChat banking, and strove to provide diversified financial services. We launched Mobile Banking 5.0 where voice search and other functions were added and more intelligent technologies were applied. Besides, we built a talent team with deep integration of business and technology, implemented agile development in mobile banking, and continuously improved the iteration effect. After the implementation of agile development, the time for requirements analysis has been shortened significantly and the average monthly delivered functions have been increased. The Bank set up a special customer experience team to continuously improve the experiences of mobile banking users. As of the end of 2019, the Bank had **318 million** e-banking customers, among whom personal online banking customers reached **229 million** and mobile banking customers reached **260 million**. The amount of e-banking transactions reached **RMB22.70 trillion**, representing a year-on-year increase of **22.77%**. Specifically, the amount of mobile banking transaction reached **RMB7.09 trillion**, representing a year-on-year growth of **22.03%**. In total, the E-channel transaction ratio reached **92.44%**, representing an increase of **2 percentage points**, compared with the prior year-end.

## Providing services with more convenience

By leveraging advanced technologies, the Bank integrated online and offline services, connected businesses and customers, and established an omni-channel service network. Working with internet companies, we explored new diversified online service models through open platforms and traffic exchange, so as to provide customers with convenient and quick account opening services and payment as well as settlement services at their fingertips.

### Online account opening

The Bank applied OCR and biometric technologies for online account opening verification, and expanded account opening channels through external cooperation to provide customers with convenient financial services. We issued the virtual Tencent Co-branded Card with Tencent and virtual Farmers Harvest Co-branded Card with China UnionPay, and provided membership benefits for target customers.

### Electronic payment

The Bank established a unified entrance for quick payment card binding and provided one-key card binding services. Integrating payment products such as WeChat payment, NetsUnion cross-bank payment and UnionPay cardless quick payment, we launched "PSBC Pay" to provide a variety of payment channels for merchants and individual customers that require electronic payment.

### Face recognition payment

By the use of artificial intelligence, big data and other technologies, the Bank launched "Face recognition payment", achieved transaction path through facial recognition, adopted the previous transaction verification method of payment password, and thus provided safe, standardized, convenient and efficient payment services with no need for individual customers and merchants to change their transaction habits.



A PSBC customer is experiencing "facial recognition payment"



## Case Study

### Satisfying customers' needs with online-offline services

As a purely online product, the Speedy Micro Loan of PSBC is a popular online loan product. In 2019, based on unsecured loans, we introduced the real estate mortgage model with a higher line of credit, which can better serve the financing needs of customers.

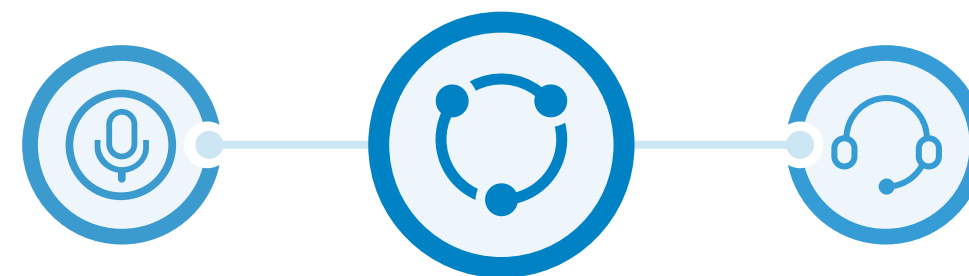
Ms. Liu, who runs a stone processing business in Wenshang County, Jinan, Shandong Province, planned to buy stone raw materials. As the price of stone raw materials increased rapidly, the earlier the raw materials were purchased, the less they cost. Ms. Liu had a funding shortfall of about RMB700,000. If she applied for an unsecured Speedy Micro Loan, the maximum amount would only be RMB300,000. After learning that Ms. Liu had a property in the city with a market value of about RMB1 million, the Credit Account Manager recommended a mortgage-type Speedy Micro Loan to her. Ms. Liu applied for the loan through PSBC Mobile Banking App and had a loan of RMB700,000 approved in less than 10 minutes. She signed a contract with the Bank and completed relevant formalities the following day. Immediately after obtaining the loan, Ms. Liu bought the raw materials for production. She said that the price of the stone raw materials kept increasing these days, and thanks to the timely approval of the Speedy Micro Loan by PSBC, she had saved RMB20,000 in cost at one time.



PSBC accelerated digital transformation and strove to build a smart bank.

### Providing more intelligent services

The Bank actively explored the integration of artificial intelligence and finance in different scenarios and promoted the intelligent and efficient financial services. Voice navigation function was launched and rolled out across the country. Intelligent quality inspection was realized via remote banking centers. Besides, the Bank continued to promote the use of intelligent customer services. As of the end of 2019, the remote banking center provided services to **229 million person-times**, among which self-service channel served **105 million person-times**. **93,424,300** customer inquiries were processed through intelligent customer services, and the Q&A accuracy rate reached **94.53%**.



#### Intelligent bill identification

The remote authorization robot based on intelligent bill identification can intelligently recognize all kinds of documents in handwriting and printing, which significantly shortens the time of business handling, saves the waiting time for customers, effectively replaces the work of manual input, and reduces processing costs of the business. The Bank centralized authorization and applied artificial intelligence and machine learning technology in the personal business to replace **50%** of manual input operations.

#### Intelligent devices

With the adoption of biometric identification technology, **13,000** self-service terminals were upgraded to offer services such as money withdrawal via facial recognition, which promoted the medium-free operational process on self-service terminals, and provided customers with more convenient financial services. The Bank vigorously advanced the promotion and application of new intelligent devices. Approximately **34,000** intelligent teller machines (ITMs) were put into use in 2019 and the ITMs in service reached **41,900** accumulatively, further enhancing the service standard of intelligent outlets.

#### Intelligent customer services

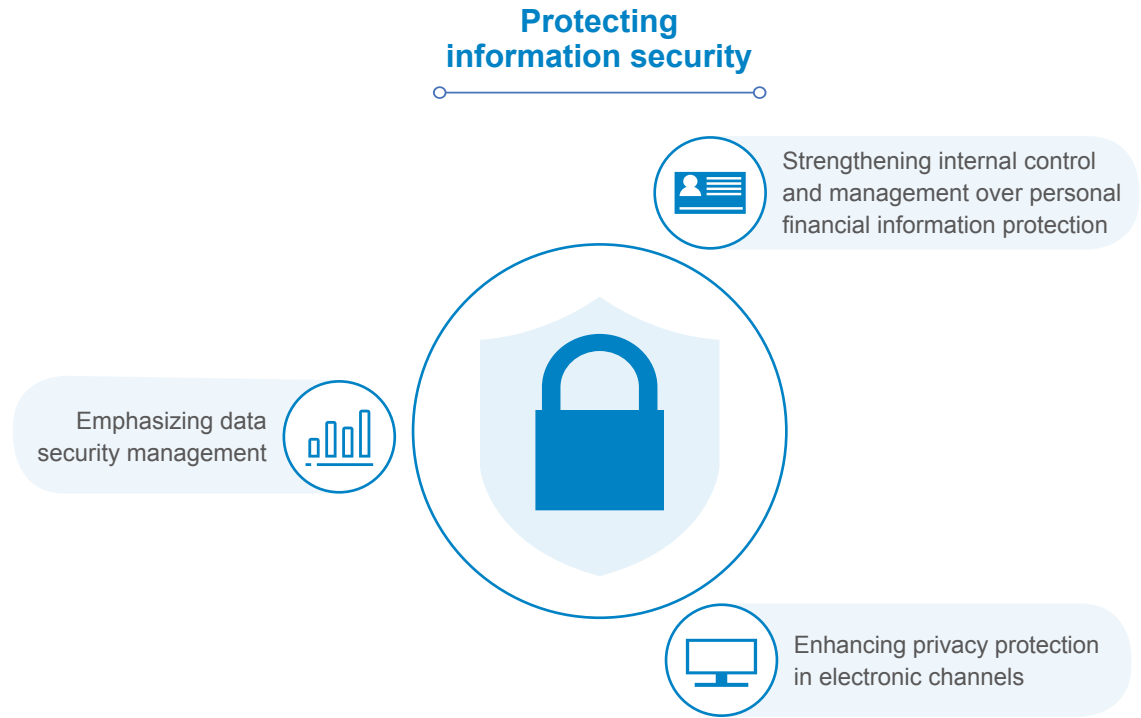
Based on deep learning technology, our intelligent customer service system achieved connection with mobile banking, portal website, WeChat banking and the WeChat services of 36 branches nationwide. Utilizing the operation model of "multi-point service, centralized management", as well as the "manual + AI" coordinated service, the system helped reduce the response time and improve the problem solving rate of customer services. The "self-service voice system" built by applying artificial intelligence technologies such as speech recognition, speech synthesis and natural language understanding can quickly solve customers' problems and provide customers with better self-service experiences.

Protecting information security

In the course of product digitalization and service diversification, the Bank paid heed to information security, improved the financial information security management policies, and applied internet technologies in areas such as customer privacy protection and data management improvement, thus enhancing the Bank's ability to prevent financial risks.

The Bank thoroughly implemented the Cyber Security Law of the People's Republic of China, protected consumers' rights and interests, and applied the Privacy Policy for Electronic Banking of Postal Savings Bank of China to various electronic channels such as mobile banking, personal online banking and WeChat banking. The Bank conducted self-assessment and further improvement on the privacy policy of electronic channels to protect customers' information security in accordance with the Appraisal Methods for Illegal Collection and Use of Personal Information by APP of the State Internet Information Office, the Specification of Information Security Technology on Personal Information Security of the National Information Security Standardization Technical Committee and other relevant regulations. We also improved the data management and statistics rules by formulating the Measures on Data Laboratory Management of Postal Savings Bank of China(2019 Version). We focused on data use security, optimized the procedure of data extraction, and strengthened data storage management. We also launched a new data desensitization system to protect customers' data through technical means.

The Bank strengthened the internal control of personal financial information security and improved the policy system of personal information security to perform the responsibility of protecting customer information and prevent the leakage and abuse of information. We issued the administrative measures on personal structured deposits, revised the administrative measures on personal international remittance business and other business rules, and improved the clauses of personal information protection. We issued the Notice on Strengthening the Confidentiality Management of Personal Customer Information, strictly followed the desensitization rules for personal customer information, and implemented accountability of customer information protection in various business processes. We organized activities such as "examination of information technology risk", "investigation to identify risks of information leakage (mainly important data and customers' personal information)" and "self-inspection of personal information security protection" to prevent the illegal use or leakage of data.



Case Study

PSBC in 2019 China Cybersecurity Week

On September 16, 2019, China Cybersecurity Week was inaugurated in Tianjin Meijiang Convention and Exhibition Center. In its theme zone, through display boards, videos and robot interaction, PSBC showcased the audience its achievements of digitalization, including the application of artificial intelligence, blockchain technology, Internet of Things, cloud computing, big data, as well as its cybersecurity protection measures including situation awareness, classified protection of cybersecurity, OSCCA algorithm and payment environment security.



PSBC's booth at the Cybersecurity Week





## Practicing Green Development

Enhancing green  
management

Promoting  
green finance

Implementing  
green operations



## Enhancing green management

The Bank earnestly implemented the Opinions of the CPC Central Committee and the State Council on Comprehensively Strengthening the Protection of the Ecological Environment and Resolutely Preventing and Curbing the Pollution, the Integrated Reform Plan for Promoting Ecological Progress issued by the CPC Central Committee and the State Council, the Guidelines for Establishing a Green Finance System jointly issued by seven ministries and commissions including the People's Bank of China and other policies and regulatory requirements. We incorporated the concept of green development into our business development and credit management, continuously improved the green finance management system, accelerated the establishment of a green bank, supported the development of green, low-carbon and circular economy, and facilitated ecological civilization to build a beautiful China.

## Environmental and social risk management

The Bank continuously established and optimized the environmental, social and governance(ESG) risk management system, incorporated the ESG requirements into the full process of credit granting, and focused on risks related to energy consumption, pollution, land, occupation and health, safety and quality, resettlement, ecological protection, climate change, biodiversity and cultural diversity. In addition, we strictly adhered to the policy of not extending loans to non-environmental-friendly industries, carried out the 2019 special investigations on ESG risks, enhanced the ability to prevent and control risks, and effectively forestalled and defused ESG risks, so as to promote the coordinated development of the economy, environment and society.

The Bank continued to optimize the policy system by preparing the credit policy guidelines for green finance, which identified the key supporting directions and areas of green finance, and expanded the coverage of green finance business. Besides, we formulated and issued the risk management strategies, risk appetite schemes, risk policies and risk limit plans, and implemented limit management and differentiated authorization management to industries with high pollution, high energy consumption and overcapacity such as steel, coal, thermal power and non-ferrous metals.



Cogeneration Project supported by PSBC



## Promoting the professional service capability of green finance

The Bank actively promoted organizational innovation, improved the incentive and restraint mechanism, carried out researches on green finance, supported the establishment of green finance reform and innovation pilot zones, and strengthened the internal special training and communication with external institutions, making great efforts to improve its professional service competence of green finance.

In 2019, specialized departments or institutions for green finance were established to promote organizational innovation, including a green finance division set up by the Head Office and new green branches. We improved the incentive and restraint mechanism, carried out internal audit and on-site green bank-themed inspection, and strengthened the performance assessment of green development. Moreover, we revised the contract texts by adding the relevant terms on the borrower's environmental and social risk commitments.

In 2019, the Bank completed research projects such as the Research on Establishment of Green Finance Mechanism in Xiongan New Area, and the Development and Improvement of Special Statistics for Green Loans was approved for project initiation as Comprehensive Statistical Research Project in Financial Industry for 2019 by the People's Bank of China. Additionally, we enriched the green finance training system, cooperated with external institutions such as the International Finance Corporation (IFC) and Ernst & Young to conduct training on green finance frontiers, green credit special statistics, etc. for directors, supervisors, senior managers and green finance practitioners. We also strengthened exchanges and cooperation with external institutions, organized on-site visits to green finance reform and innovation pilot zones and other banks, participated in activities including the annual meeting of the Green Finance Committee of China Society for Finance and Banking, and cooperated with the Natural Resources Defense Council (NRDC) and the Institute of Public & Environmental Affairs (IPE) in areas such as climate financing, UN forest instruments and environmental credit restoration.



## Case Study

### Establishment of the first green branch of the Bank

The Bank actively explored green finance reform and innovation, promoted the establishment of specialized green branches, and enhanced the professional service ability of green finance. In 2019, the first green branch of the Bank, Huzhou Wuxing Branch was launched in Zhejiang Province. Huzhou is not only the birthplace of the "two mountains theory" (Lucid waters and lush mountains are invaluable assets), but also one of the national green finance reform and innovation pilot areas. The establishment of the green branch facilitated the Bank to explore the experience of green banking in aspects such as credit resources, fund pricing, product innovation and business process, promote green finance reform and innovation, and help green economic development.

## Promoting green finance

The Bank thoroughly implemented the concept of green finance, adhered to the positioning of differentiated green finance development, and advanced the implementation of the Three-year Plan of Postal Savings Bank of China for Strengthening the Construction of a Green Bank. We increased green finance investment and policy support, improved the innovation mechanism of green loan products, and continuously optimized the credit structure. We also actively innovated green financial products and services, vigorously promoted business development in areas such as green credits and green bond investment, and accelerated the promotion of green finance development.

The Bank complied with the relevant policy guidelines of the People's Bank of China, CBIRC, CSRC, Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, and incorporated the policies of low carbon, green, environmental protection and protection of biodiversity into credit policies. We improved the green credit policies and rules, accelerated the credit structure adjustments, enhanced environmental and social risk management, and gave priority to green channels for the review and approval of green finance related business. In addition, we vigorously supported the green cleaning industries, strictly implemented and executed the quota management and control for industries, and improved the risk monitoring and early warning mechanism for pollution prevention and green finance. We also effectively promoted the business development of green credits, and supported the elimination of backward production capacities, so as to contribute to the mitigation of climate change. We promoted the integrated development of inclusive finance and green finance, increased green finance support for Sannong, small and micro enterprises and consumer finance, encouraged social entities such as Sannong, small and micro enterprises, and corporate customers to participate in green development, and increased the accessibility and coverage of green finance. As of the end of 2019, the balance of green credit (loans for energy saving and environmental protection projects and services) was **RMB243,301 million**, representing an increase of **RMB52,896 million** or **27.78%** compared with the prior year-end.

The Bank continuously showed greater support to green industries, including pollution control, clean energy, green transportation and water supply and conservation, while classifying restrictive industries as "Cautious Entry". Pursuant to the requirement to absorb, migrate, integrate and phase out certain loans, the Bank implemented differentiated credit policies and strictly controlled the loans to industries with high pollution, high energy consumption and overcapacity. Meanwhile, we closely monitored the impact of industry standards, such as environmental-friendliness, energy consumption, non-hazardousness and quality, and elimination of backward production capacities on industry transformation and upgrading and on overcapacity industries.



Sewage Treatment Project supported by PSBC

## Case Study

### Supporting the offshore wind power projects and promoting the development of clean energy

Yancheng of Jiangsu Province is a suitable location for the building and development of the offshore wind power. Yancheng Branch has approved credit to and cooperated with 8 projects of 6 companies to carry out offshore wind power projects. As of the end of 2019, the loan balance of offshore wind power projects amounted to RMB915 million. Guohua Dongtai Phase IV (H2) 300,000 kW offshore wind farm project supported by the Bank's loan was officially put into operation on December 18, 2019. The estimated annual on-grid power is 810 million kWh, which is equivalent to 20% of the annual power consumption of Dongtai City, Yancheng. It is expected that it can save 268,500 tons of standard coal per year. The operation of the project will make new contributions to coping with global climate change, accelerating the adjustment of energy structure and building a more beautiful China.



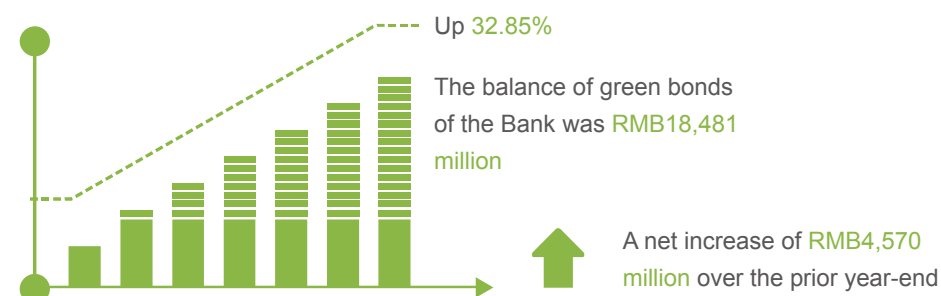
Guohua Dongtai offshore wind farm project

## Case Study

### Supporting the construction of environmentally friendly demonstration projects

The demonstration project of Dalian Flow Battery Peak-Load Shifting Power Station is a large-scale national chemical energy storage demonstration project in China. Upon completion, it will become a world leading all-vanadium redox flow battery energy storage power station. It is an environment-friendly project. Dalian Branch participated in a syndicated loan to finance the first phase of the project. As of the end of 2019, Dalian Branch granted a loan of RMB45 million to this project.

The Bank proactively innovated green finance products and services. In 2019, the Bank promoted green finance products in pilot such as pollutant emission loans, ecological public forestry compensation income loans secured by pledges, garbage collection rights loans secured by pledges and loans secured by future income right of energy performance contracting projects, explored innovative green finance products such as carbon finance, and continuously promoted the capability of green finance integrated services. By investing in green bonds, the Bank actively supported the development of related industries, such as energy conservation and environmental protection, pollution prevention, resource conservation and recycling, and clean transportation, to help achieve green, recycling and low-carbon development. As of the end of 2019, the balance of green bonds of the Bank was RMB18,481 million, representing a net increase of RMB4,570 million or 32.85% over the prior year-end.



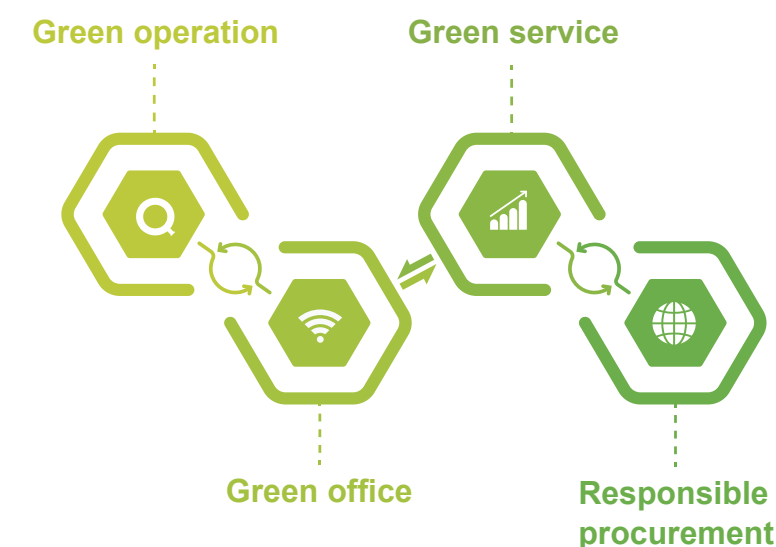
## Case Study

### RMB wealth management product – PSBC Wealth, Evergreen Regular Open No. 2

The Bank issued RMB wealth management product - PSBC Wealth, Evergreen Regular Open No.2 (Green Finance). The total proceeds of this product amounted to RMB270 million. This product is in line with the concept of green investment. The funds raised are mainly invested in assets that meet green standards to promote the development of green industries and support the promotion of national ecological civilization.

## Implementing green operations

The Bank strictly abided by the laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Energy Conservation Law of the People's Republic of China, implemented relevant administrative policies such as the Regulations on Energy Management of the Head Office of Postal Savings Bank of China (Trial, 2015 Version), and incorporated the concepts of green development and energy-saving and environmental protection into management and operation. We provided customers with green services, advocated green office in the Bank, adhered to responsible green procurement, and pursued green development.



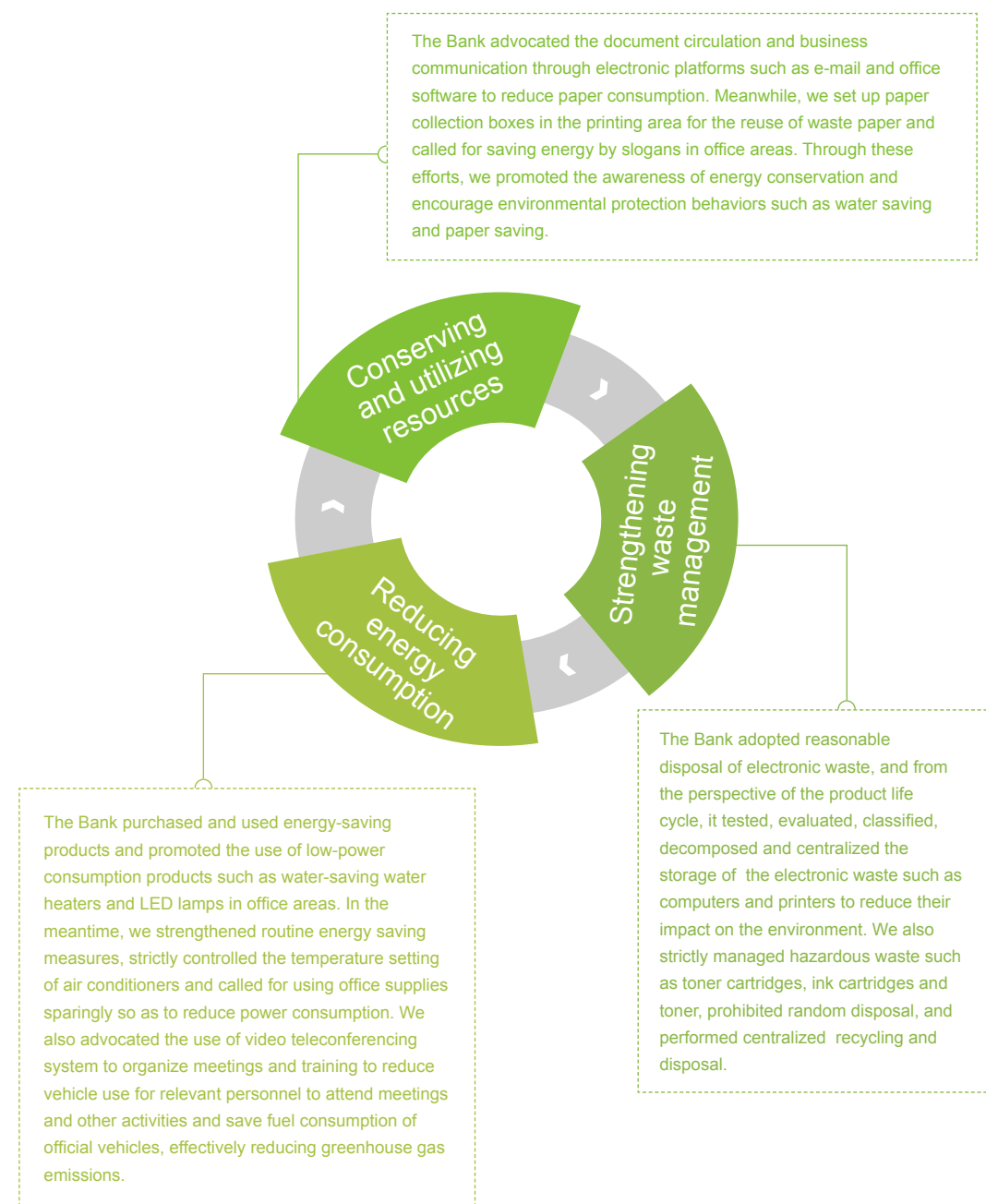
### Green service

The Bank carried out green and low-carbon practices in the whole process of financial services and all business lines, provided green services to users in an environment-friendly manner, and promoted the sustainable development of business operations. The Bank established a unified counter management platform, took measures such as using electronic vouchers for personal business, electronic customer signatures and electronic receipts, promoted the electronic transmission and filing of documents in the full-process of business, and reduced the printing of business acceptance documents. The Bank completed the nationwide promotion and application of electronic signatures at Intelligent Teller Machine (ITM) and electronic transaction records for Automated Teller Machine (ATM) and Cash Recycling System (CRS) to reduce the use of paper. ETC is an important tool for the country to vigorously promote the development of "intelligent transportation". The Bank actively promoted the development of ETC business. It not only enables users to enjoy preferential policies and reduce vehicle costs, but also effectively alleviates congestion at toll stations and improves the efficiency of the road network, which helps achieve energy resource conservation. As of the end of 2019, the total number of ETC cards in circulation was 15,254,800, representing an increase of 9,053,500 during the reporting period. We effectively promoted the popularity of ETC business and made travel more convenient, economical and environment-friendly.



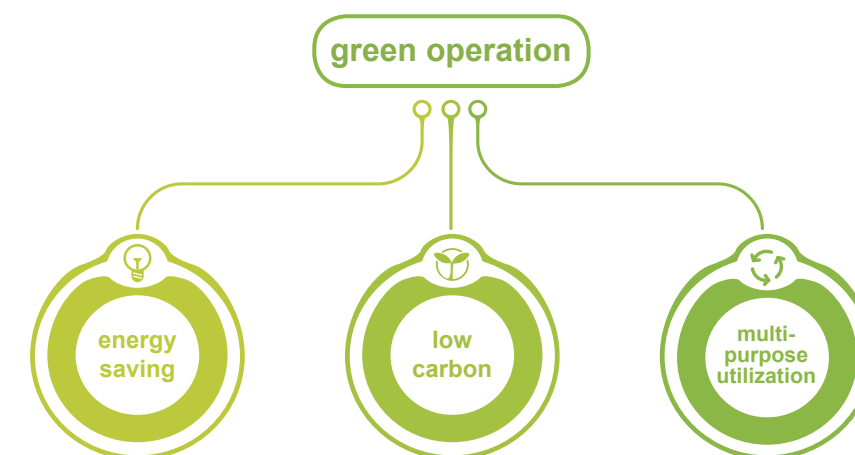
## Green office

The Bank attached great importance to the environmental impact of its own operations, advocated green office throughout the Bank, strove to reduce resource consumption and emissions of hazardous pollutant, improved energy efficiency, and put low-carbon into practice in all directions to promote green development. In 2019, the Head Office convened a total of 54 video conferences and 151 video training.



## Green operation

The Bank explored the construction of a green energy-saving data center with the goals of energy conservation, low-carbon and comprehensive utilization, continuously optimized the operation and maintenance management of infrastructure, applied energy-saving technologies, and actively introduced artificial intelligence technology. Through machine learning, energy efficiency modeling and overall control, the Bank continuously reduced the integrated energy consumption of the refrigeration system, maximized the energy efficiency of the data center, and minimized the environmental impact. The annual average PUE (Power Usage Effectiveness) of Hefei data center was about 15% lower than that of 2018.



## Responsible procurement

The Bank continued to improve the procurement management rules, optimized the procurement decision-making system, strictly implemented the bidding and tendering process, and attached importance to reviewing the supplier's performance of social responsibilities, in order to promote responsible procurement.

In strict compliance with the Regulations on Procurement Management of Postal Savings Bank of China (2019 Revised Version), the Regulations on Supplier Management of Postal Savings Bank of China (2019 Revised Version) and the Implementation Measures for Green Procurement of Postal Savings Bank of China (2019 Version), the Bank raised requirements on aspects such as energy conservation and environmental protection, green products, green packaging and transportation, as well as adverse social impacts such as suppliers' environmental damage, forced labor and child labor.

The Bank required suppliers to fulfill their social responsibilities and make a commitment in procurement documents and contracts. Suppliers participating in procurement activities of the Bank shall abide by the procurement laws, regulations and rules, comply with the principles of good faith and fair competition, and sign a letter of commitment to integrity in accordance with the requirements of the Bank. The Bank reasonably set the requirements and evaluation standards for green access and environmental management system certification (ISO 14000) according to the characteristics of the project, and required suppliers to sign the Agreement on Energy Conservation, Emission Reduction and Green Environmental Protection. The Bank issued the Implementation Rules for the Post-assessment of Supplier of Postal Savings Bank of China (2019 Version) to include environmental protection in the scoring indicators for post-assessment of goods suppliers.

Environmental performance indicators in 2019

Environmental Performance

Unless otherwise stated, the statistics of this part on environmental performance include the Head Office of PSBC and its domestic tier-1 branches.<sup>1</sup>

Energy and resource consumption <sup>2</sup>	
Total energy consumption (MWh) <sup>3</sup>	194,335.01
Total per capita energy consumption (MWh/person)	9.38
Energy consumption per square meter of gross floor area(GFA) (MWh/m <sup>2</sup> )	0.26
Direct energy consumption (MWh)	
Official vehicle fuel consumption <sup>4</sup>	4,869.40
Facility diesel consumption <sup>5</sup>	193.49
Natural gas	11,220.18
Indirect energy consumption (MWh)	
Purchased electricity <sup>6</sup>	178,051.94
Purchased electricity power consumption of the Head Office (MWh) <sup>7</sup>	92,682.39
Daily workplace water consumption (ton) <sup>8</sup>	859,131.33
Daily water consumption of the Head Office (ton) <sup>9</sup>	201,869.00
Per capita daily workplace water consumption (ton/person)	41.48
Daily water consumption per square meter of GFA (ton/m <sup>2</sup> )	1.14

Notes:

1. Among the statistics above, the data of some branches include directly affiliated units and outlets that use the work place with branches.
- 2.As the emission data and consumption data of energy and resources in the machine room could not be measured separately, the Bank's greenhouse gas emission intensity, hazardous waste emission intensity, non-hazardous waste emission intensity, energy consumption intensity and the intensity of daily workplace water consumption calculated per person and per square meter of GFA include both office areas and machine rooms.
- 3.The total amount of energy consumption was calculated based on the electricity and fuel consumption as well as the relevant conversion factors provided by the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008), a national standard of the People's Republic of China, which includes purchased electricity, natural gas, fuel consumption by official vehicles, and diesel used by facilities.
- 4.Official vehicle fuel consumption includes petrol consumption and diesel consumption.
- 5.Facility diesel consumption refers to the consumption of diesel used by back-up generators and a small number of stoves.
- 6.Purchased electricity of Henan Branch is controlled by the property management company of the office building. The electricity bill is included in the property management fee, and therefore the electricity consumption cannot be measured separately. Estimation was made based on the China Energy Statistical Yearbook 2016 issued by the Energy Statistics Department of the National Bureau of Statistics.
- 7.Purchased electricity power consumption of the Head Office is the total electricity power consumption of the Head Office in Beijing, including the power consumption of Jinding Tower office area, Xincheng Tower office area, Dacheng Tower office area, Ximeng Tower office area, Fengtai No.72 office area, the office areas of Credit Card Center and Software R&D Center in Advanced Business Park in Beijing, Yongfeng office area, Yizhuang office area and Orient Asset Management Tower office area.
- 8.Daily water consumption of the Head Office includes tap water and reclaimed water. The daily workplace water use at Henan Branch, Guizhou Branch, Inner Mongolia Autonomous Region Branch, and Shenzhen Branch is controlled by the property management company of the office building. The water bill is included in the property management fee, and therefore the water consumption cannot be measured separately. Estimation was based on the Code for Design of Building Water Supply and Drainage (GB50015-2019), a national standard issued by the Ministry of Housing and Urban-Rural Development of the P.R.C.
- 9.Daily workplace water consumption of the Head Office is the total water consumption of the Head Office in Beijing, including water consumption of Jinding Tower office area, Dacheng Tower office area, Ximeng Tower office area, Fengtai No.72 office area, the office areas of Credit Card Center and Software R&D Center in Advanced Business Park in Beijing, Yongfeng office area, Yizhuang office area and Orient Asset Management Tower office area. The water bill of the Xincheng Tower office area is included in the property management fee, therefore cannot be measured separately. Besides, the data of the daily workplace water consumption of the Xincheng Tower office area has little impact and is of less importance, hence not included in the statistics.
- 10.Data of packaging materials is not applicable to the Bank.

Emissions	
Sulphur dioxide (ton) <sup>1</sup>	0.01
Nitrogen oxides (ton) <sup>2</sup>	0.53
Total greenhouse gas (GHG) emissions (Scope 1 and Scope 2) (ton) <sup>3</sup>	123,552.28
Per capita GHG emissions (Scope 1 and Scope 2) (ton/person)	5.97
GHG emissions per square meter of GFA (Scope 1 and Scope 2) (ton/m <sup>2</sup> )	0.16
Direct emissions (Scope 1) (ton)	
Official vehicle fuel consumption emissions	1,193.11
Facility diesel consumption emissions	50.88
Natural gas emissions	2,193.95
Indirect emissions (Scope 2) (ton)	
Purchased electricity emissions	120,114.34
Total hazardous waste (ton) <sup>4</sup>	20.11
Total hazardous waste per person (ton/person)	0.0010
Total hazardous waste per square meter of GFA (ton/m2)	0.00003
Total non-hazardous waste (ton) <sup>5</sup>	2,214.70
Total non-hazardous waste per capita (ton/person)	0.11
Total non-hazardous waste per square meter of GFA (ton/m <sup>2</sup> )	0.0029

Notes:

- 1.Emissions of sulphur dioxide mainly come from fuel consumption by official vehicles, and the sulphur dioxide emission was calculated according to the Technical Guideline for Compilation of Air Pollutant Emission Inventory for Road Vehicles (Tentative) released by the Ministry of Ecology and Environment of the P.R.C.
- 2.Emissions of nitrogen oxides mainly come from fuel consumption by official vehicles, and the nitrogen oxide emission was calculated according to the Technical Guideline for Compilation of Air Pollutant Emission Inventory for Road Vehicles (Tentative) released by the Ministry of Ecology and Environment of the P.R.C.
- 3.Greenhouse gas inventories include carbon dioxide, methane and nitrous oxide, which mainly come from purchased electricity and fuel. The calculation of greenhouse gases is presented in terms of CO2 equivalent and is based on the Baseline Emission Factors for Regional Power Grids in China 2017 published by the Ministry of Ecology and Environment of the P.R.C. and the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC). Among them, as there is no baseline emission factor in the Tibet power grid, and the impact of Tibet Autonomous Region Branch's purchased power data is minor and less important, the purchased power of Tibet Autonomous Region Branch was not included in the calculation of greenhouse gas emissions.
- 4.The hazardous waste involved in the operations of the Bank is handled by qualified professional companies, which mainly includes used lead-acid batteries.
- 5.The Bank's non-hazardous waste is delivered to recyclers for disposal, which mainly includes office waste and discarded hard drives, among which the office waste of Inner Mongolia Autonomous Region Branch, Anhui Branch, Hunan Branch, Guangdong Branch, Guangxi Zhuang Autonomous Region Branch, Guizhou Branch, Yunnan Branch, Tibet Autonomous Region Branch, Gansu Branch, Ningxia Hui Autonomous Region Branch, Dalian Branch, Xiamen Branch, Shenzhen Branch and Head Office departments is handled collectively by the property management company for the office buildings and therefore cannot be measured separately. Estimation was made based on the Handbook of Urban Life Waste Discharge Coefficient based on the First National Census on Pollution Sources released by the State Council.





## Maintaining Sound Operation

Enhancing risk  
management

Deepening  
internal control  
and compliance

Maintaining  
business  
continuity



Enhancing risk management

Following the central government's arrangements and requirements for forestalling and defusing major risks, the Bank continuously improved its comprehensive risk management system, fostered a strong risk culture, precisely and effectively controlled risks in key areas, and continuously improved its risk management, so as to provide stronger financial support for economic and social development. As of the end of 2019, its non-performing loan ratio and allowance to NPLs ratio were 0.86% and 389.45% respectively. The Bank adhered to the risk appetite of stable operation, comprehensively implemented the business philosophy of compliance and prudence, continuously improved the “all aspects, whole process and entire staff ” comprehensive risk management system, perfected the risk management structure, and systematically promoted the implementation of the three-year plan on preventing and mitigating major risks. Meanwhile, we enhanced the formulation of management rules for different types of risks, built a long-acting mechanism for risk management, implemented joint asset quality control, accelerated the development of IT system for risk management, optimized risk management means and tools, and promoted the implementation of Basel III and advanced approaches of capital management, thus continuously improving its capabilities for comprehensive risk management.

Deepening internal control and compliance

In strict compliance with the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on the Prohibition of Commercial Bribery and other laws and regulations, the Bank strove to strengthen the compliance operation and money laundering risk management, and continuously improved the internal control management mechanism and process. In addition, the Bank further promoted the progress in anti-corruption and integrity, and intensified the management of intellectual property protection, so as to ensure legal and compliant operation and support the stable operation and high-quality development of the Bank.

Internal control management

The Bank strengthened the building of an internal control system, promoted the establishment of a prudent culture, raised the risk awareness and compliance awareness of all employees, and comprehensively improved the quality and efficiency of internal control work to pursue high-quality development.



The Bank improved the internal control and compliance mechanism and policy system as well as the working mechanism of the "three lines of defense", reinforced the internal control system building at the grassroots level, and promoted the extensive and thorough application of the Internal Control Management Manual. We continuously improved the policy system, reviewed existing policies and scheduled new policies, and carried forward policy assessment and rectification. Meanwhile, we carried out the compliance review of new policies, new products and new businesses in a down-to-earth manner, and adopted the compliance review as a necessary condition for standardizing the operation and management activities, so as to improve the capability of compliance management. The Bank strictly carried out accountability management, promoted compliance operation, and improved binding and execution force of rules and regulations, and ensured the effectiveness of internal control.



The Bank further promoted the campaign of "Fostering Compliance Culture at the Grassroots Level", strengthened employees' awareness of compliance through a variety of measures such as training and learning, warning education and case analysis, and guided compliance behaviors to promote the integration of internal control and compliance culture into the full process of operation and management. We prepared and issued the Compliance Stories at PSBC, which includes stories about compliance from front-line employees of institutions at all levels to educate people around them and root the culture of law-abiding and compliance.



The Bank strictly implemented the internal audit rules and effectively carried out the audit work. During the reporting period, we conducted audit supervision on key areas such as implementation of major policies, risk management, internal control, information technology, anti-money laundering and the protection of consumers' rights and interests, continued to follow up with the rectification of problems identified in audit supervision, gave full play to the role of internal audit in supervision, evaluation and consultation, and promoted the stable operation of the Bank.

Information disclosure

During the reporting period, the Bank faithfully and diligently performed its information disclosure duties, disclosed information in a true, accurate, complete, timely and fairly manner in accordance with regulatory requirements, and released periodic reports and various types of interim reports compliantly. We strictly abided by the regulatory requirements on A shares and H shares in Shanghai and Hong Kong, amended the administrative policies on information disclosure and other management policies according to the regulatory requirements of the CSRC and Shanghai Stock Exchange, and formulated administrative measures for suspension and exemption of information disclosure, forming a comprehensive and complete information disclosure system. We proactively strengthened voluntary disclosure addressing areas of concerns of the market and investors. We also strictly implemented the administrative measures for management of information insiders, strengthened the management of inside information, standardized the process of information transmission, and enhanced the compliance awareness of information insiders.

Intellectual property protection

The Bank strictly abided by laws and regulations such as the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China, further improved the intellectual property management mechanism, and carried out solid work in the creation, utilization, management and protection of intellectual property rights. We identified and examined intellectual property rights risks in various operation and management activities, and actively fulfilled the responsibility for prevention and control of intellectual property risks. We also fostered the corporate culture of intellectual property innovation, focused on timely transforming the achievements in financial product research and development and system building into intellectual property rights, and applied for 229 registered trademarks and patents in 2019.



Anti-money laundering (AML)

The Bank strictly abided by laws and regulations such as the Anti-Money Laundering Law of the People's Republic of China, promoted the building of AML internal control policy system and mechanism, continued to optimize the AML system, and actively carried out training and publicity on AML to improve the AML and counter-terrorist financing management capability. In 2019, there were no substantial AML violations, and we successfully intercepted 756 money laundering risk related cases such as suspected fraud and fake account opening issues.



The Bank strictly implemented AML regulatory requirements and adhered to the risk-based philosophy in AML management. According to the general external AML situations and the AML work of the Bank, we improved the AML mechanisms in terms of money laundering risk management strategy, AML organizational structure and division of responsibilities, identification of customers and the retention of information on customer identity and transaction records, classification of money laundering and terrorist financing risks, money laundering risk assessment, watch list monitoring on money laundering risks, AML information management, AML internal audits, optimization of system functions, and reinforcement of AML performance. The Bank continued to promote the integration of AML requirements into business management, strengthened the AML compliance management and review of business rules, and ensured that AML requirements were integrated with business operations. We conducted regular money laundering risk assessment and enhanced relevant control measures in a timely manner.



The Bank continued to improve AML system and mechanism, set up an AML center at the Head Office, accelerated the establishment of the centralized AML team at provincial branches, improved the institutional structure to lay the foundation for further improving the AML work.



The Bank completed the switch of the second-generation system of AML monitoring and analysis, optimized the function of the AML system, promoted the improvement of AML function of the business system, and enhanced the supporting capability of the system. The Bank constantly optimized the transaction monitoring models to improve the effectiveness of monitoring and analysis.



The Bank strengthened the internal AML inspection and audit, and carried out multi-level AML training for senior management and AML personnel. We further promoted the AML awareness and ability of the Bank through training with a total of 61,556 person-times in 476 key training sessions.

Combating corruption and promoting clean conduct

The Bank conscientiously studied and strictly abided by the Party's internal rules and regulations such as the Articles of Association of the Communist Party of China (Amendment), the Code of Integrity and Self-discipline of the Communist Party of China, the Regulation of the Communist Party of China on Disciplinary Actions and the Regulation of the Communist Party of China on Accountability. Discipline inspection and supervision institutions at all levels adhered to the strict and comprehensive supervision and accountability. We unswervingly strengthened the political supervision, promoted the implementation of important decisions and plans of the CPC Central Committee, and made specific personnel accountable for political responsibility of enforcing full and strict discipline over the Party. We continued to strengthen inspection, rectification and supervision, and urged Party organizations at all levels to perform their major responsibilities. We persevered in implementing the CPC Central Committee's eight-point frugality code and resolutely opposed formalism and bureaucratism. We issued the measures for petition reporting to Party discipline inspection commissions and supervision agencies and made solid acceptance of petitions. We kept a close eye on the few key individuals and continued to enhance financial anti-corruption efforts. We organized warning and educational activities and urged our employees to be vigilant by telling the stories happening around them. We made new achievements in Party conduct and anti-corruption, safeguarding the reform and development of the Bank.

Maintaining business continuity

The Bank established and improved the business continuity management framework, optimized policies, issued business continuity overall contingency plan and implementation rules on contingency plan management, and formulated special contingency plans of important businesses including personal savings, electronic payment, credit cards, mobile banking, personal online banking, telephone banking and corporate settlement, providing organizational, institutional and mechanism support to fully promote business continuity management.

The Bank strengthened the management of business continuity drills. In 2019, the Bank conducted 189 drills of information systems, network and infrastructure. No major systematic failures or information security breaches occurred throughout the year. The availability of important information system services was over 99.99%, which ensured the stable operation of the Bank's business systems.

Note: For more information on the risk management and internal control and compliance, please refer to the Annual Report of PSBC for 2019 published on the Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited and the website of the Bank.





## Sharing a Better Life

Growing  
together with  
employees

Taking part in  
community  
development

Engaging in  
public charity  
activities

Fully supporting  
the fight against  
COVID-19



## Growing together with employees

The Bank strives to provide employees with protection of their rights and interests, abundant learning opportunities, broad career development and warm office atmosphere, in order to enhance their sense of happiness and belonging.

### Protecting employees' rights and interests

The Bank adhered to equal employment, continuously improved the remuneration and benefit system, strengthened the democratic management, and created an equal, unbiased and healthy environment for career development.



#### Employment policies

The Bank strictly complied with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on Prohibiting the Use of Child Labor promulgated by the State Council and other relevant laws and regulations, signed the labor contract with employees and strengthened the labor dispatch management in accordance with the state provisions on labor dispatch. We attached great importance to policy diversification, and placed no discrimination on race, gender or nationality in recruitment and promotion. In 2019, the Bank's labour contract signing rate was 100%, and hired no child labor or forced labor throughout the year. The proportion of dispatched employees met the national standard. As of the end of 2019, the total number of the employees of the Bank was 174,406 (excluding 15,730 labor dispatched employees), among which the number of employees from holding subsidiaries is 877, and the male to female ratio of middle and senior managers was 5.16:1.

The Bank strictly implemented the provisions on working hours, rest days and vacation, labor protection, working conditions and others stipulated in the labor contract, paid wages on time and in full, arranged reasonable working hours, followed the rules of annual vacation with pay, and provided maternity leave and allowance for female employees in accordance with the laws and regulations.



#### Salary and benefits

The Bank adhered to its "people first" concept, explored and promoted the market-based remuneration mechanism, so as to attract more talents. We encouraged the motivation, initiative and creativity among the employees by improving the incentive and restraint mechanism. Besides, we enriched the welfare of employees and improved the standard of employee benefits.

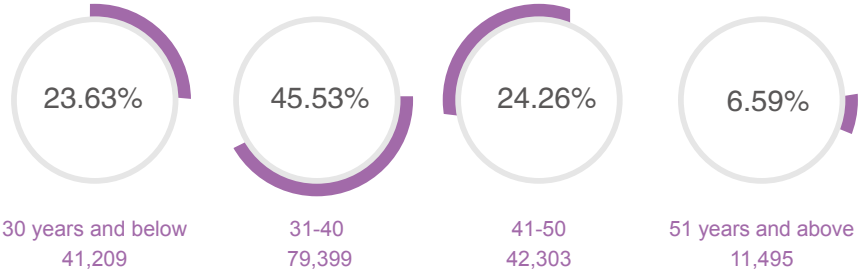


#### Democratic management

We steadily promoted democratic management, strengthened the establishment of Employee Representative Assembly system, and granted rights to the Employee Representative Assembly according to the laws. Through the Employee Representative Assembly, we closely communicated with and guided employees, listened to employees' voices, and understood and responded to their reasonable demands in a timely manner. In such a way, we fully respected the important role of all employees as the mainstay of the Bank, and continuously promoted the democratic management. In 2019, the Employee Representative Assembly at the head office level heard and reviewed issues such as the Report on the Proposal Work of the Third Session of the First Employee Representative Assembly of PSBC, the Administrative Measures of Credit Points for Minor Violation by Employees of PSBC(2020 Version).

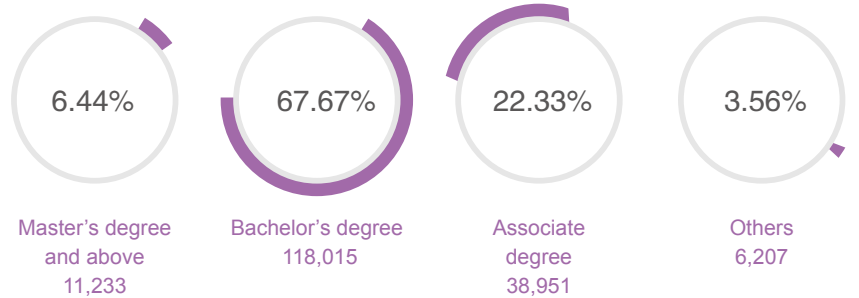
### The Bank's employees by age

Number of employees: 174,406<sup>1</sup> (persons) Percentage (%) 100%



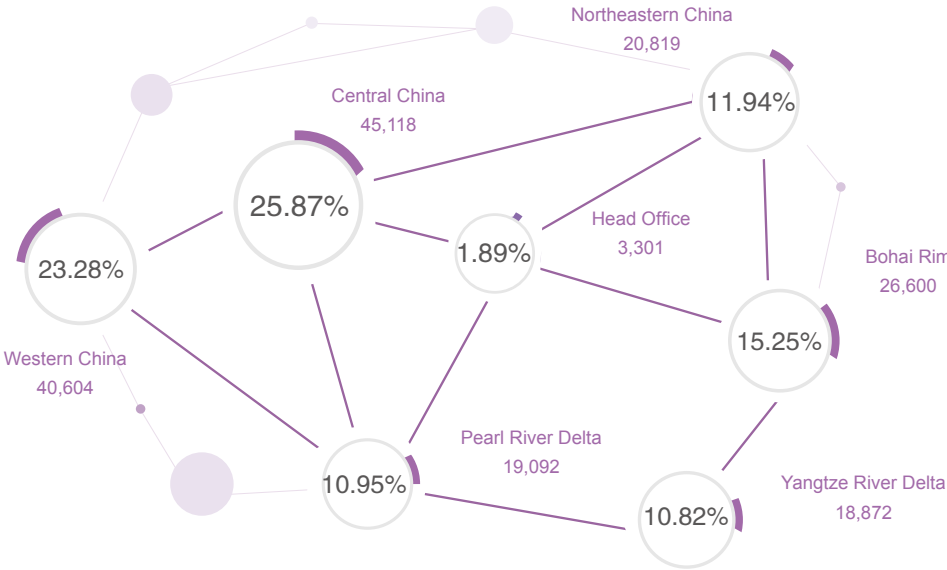
### The Bank's employees by education background

Number of employees: 174,406<sup>1</sup> (persons) Percentage (%) 100%



### The Bank's employees by geographical region

Number of employees: 174,406<sup>1</sup> (persons) Percentage (%) 100%



Note: 1.The statistics of employees include employees in subsidiaries and exclude dispatched employees.

## Case Study

### Holding the first session of the first Employee Representative Assembly

The Bank held the first session of the first Employee Representative Assembly in Beijing from May 25 to May 26, 2019, marking the official establishment of the Employee Representative Assembly system at the head office level. 251 representatives from the Head Office, 36 tier-1 branches and PSBC Consumer Finance Co., Ltd. attended the assembly. The Measures for Employee Representative Assembly of Postal Savings Bank of China, the Terms of Reference of Special Committees of Postal Savings Bank of China, and the Procedures for Employee Misconduct of Postal Savings Bank of China(2019 Revision) were reviewed and passed in the assembly. Members of different special committees of the first Employee Representative Assembly of PSBC were elected, and the re-election of two employee supervisors were completed.

## Promoting career development

The Bank continued to deepen talent development and training and strengthened staff training. The Bank built a talent training and development system with face-to-face training and long-distance training as major approaches and Party School training, overseas training, and qualification certification as supplementary approaches to build a high-quality professional talent team. It strengthened the building of trainer teams and courses and mobile learning, and enriched teaching materials and training platforms to enhance the role of training in supporting and ensuring development.



#### Strengthening the training of executives with emphasis on leadership.

Based on a three-tier system of "professional capability, operation and management capability and leadership", the Bank comprehensively utilized various resources such as universities and colleges, strategic investors and Party schools to offer special training programs in order to promote the business management capability of executives of the Bank.



#### Strengthening the training of professionals with emphasis on professional capability.

Through different approaches such as the selection and training of leading professional talents, comprehensive application of employee qualification verification, on-site training, remote training, external training and on-the-job training, the Bank strengthened the training on professional practice in commercial banks, and enhanced employees' professional competence on an ongoing basis. In 2019, the Bank organized 9 skill contests.



#### Strengthening the training of tellers with emphasis on service capability.

The Bank strengthened the training on occupational qualification and skills of outlet tellers, improving their capability in delivering counter services. We enriched training courses, strengthened the construction of mobile learning platform, and provided training resources for tellers at outlets.



#### Strengthening the training of sales force with emphasis on marketing capability.

The Bank carried out training on product rules and consumer rights protection, and organized competitions such as wealth management managers competition, so as to continuously improve the marketing capability, risk identification capability and professional ethics of sales force.

## Case Study

### Promoting employee growth with layered training

Fuzhou Branch of Fujian Province attaches importance to the career development of employees. In 2019, multi-level and layered training was carried out to actively select, cultivate and reserve outstanding talents, and build high-quality and professional teams of managers and talents. As of the end of 2019, a total of 278 employees from 27 positions of Fuzhou Branch received rotational training, 36 of them visited Shanghai, Shenzhen, Xiamen and other places for exchanges and studies, 25 young employees were promoted, and 22 employees took new positions at either upper-level or lower-level branches.

## Enhancing employee care

The Bank paid close attention to the occupational safety and health of employees, listened to the voices of employees, cared for the working and living conditions of employees, and carried out various recreational and sports activities to promote their occupational well-being.

We valued the safety of employees, extensively carried out safety education, further promoted safety management themed activities in specific months, and guided branches at all levels of the Bank to formulate scientific emergency plans and drill plans, so as to enhance the practical ability of the staff to respond effectively to and deal with all kinds of emergencies.

We valued the physical and mental health of employees, conducted regular health checkups for employees, provided psychological counseling to employees, and encouraged employees to maintain positive and healthy working and living conditions.

We cared for specific groups of employees, organized special activities for female employees, such as online celebration of the International Women's Day and work seminars for female employees, in order to improve their sense of happiness and career satisfaction. On important festivals such as New Year 's Day and the Spring Festival, we paid visits to employees with difficulties and those with critical diseases and cared for employees at outlets.

We listened to the voices of employees, and carried out the "Annual Survey of PSBC Employees" concerning the basic work, life and ideological status of employees to collect their needs and suggestions. In 2019, we prepared the 2018 White Paper on Annual Survey and Research of PSBC Employees, providing a basis for improving management and creating a better working environment.

We made efforts to create a positive and motivated working atmosphere. By organizing various recreational and sports activities such as literary and calligraphy competitions, table tennis competitions, basketball competitions and singing competitions, we enhanced emotional communications among employees and enriched their spiritual and cultural life.







Colorful activities for PSBC employees



## Taking part in community development

The Bank actively participated in community construction, improved basic financial facilities, optimized financial services on people's livelihood, and protected the consumer rights and interests, committing to achieve the harmonious development of enterprises and communities.

## Protecting consumer rights and interests

The Bank comprehensively implemented the requirements of the Guiding Opinions of the General Office of the State Council on Strengthening the Protection of Financial Consumers' Rights and Interests, and the Guiding Opinions by China Banking and Insurance Regulatory Commission on Strengthening the Building of Working Systems and Mechanisms for Protection of Consumer's Rights and Interests of Banking and Insurance Institutions. We incorporated the concept of financial consumer rights protection into our corporate governance, corporate culture and development strategies. The Board of Directors, the Board of Supervisors and the senior management effectively performed their duties of protecting consumer rights and interests, continuously improved the system and mechanisms, organized various activities for financial knowledge promotion and training, actively practiced inclusive finance, and protected the legal rights and interests of financial consumers in all aspects.



The Bank improved its major information disclosure mechanism, formulated and revised product and business management measures, and established a product and service information disclosure system covering the whole process of pre-sale, sale and post-sale. We established a personal product information inquiry platform on the Bank's official website to publish and update the information of all on-sale and running products such as funds, wealth management, insurance and asset management plans in a more timely manner, which ensured timely, accurate and comprehensive information and fully protected consumers' right to know.



The Bank strengthened its complaint management, further cleared the complaint channels, displayed the hotline for customer services and complaints prominently in business outlets and on the official website where the "Customer Complaint Guide" was added to disclose the methods and processes of making complaints in order to effectively protect the legal rights of customers to claim. Besides, we optimized complaint handling procedures, standardized complaint classification statistics, strengthened the analysis and utilization of complaint data, enhanced supervision and inspection, and promoted the improvement of products and services. In 2019, we formulated the Administrative Measures of 95580 Telephone Customer Complaints of Postal Savings Bank of China (2019 Revision) to further improve the complaint management system. The establishment of complaint management system was completed to achieve the whole-process management and control of complaints of the Bank from all channels.

In 2019, the customer service satisfaction rating by 95580 telephone channel and credit card customer service center reached 99.50% and 99.74% respectively, and the Remote Banking Center was granted the Excellent Customer Service Award by China UnionPay.



The Bank standardized the product and service management. Pursuant to the Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests, the Bank embedded the consumer protection review into the full process of products and services, continuously improved the whole-process management mechanism of consumer rights and interests protection in the pre-sale, sale and post-sale stages, and moved the risk prevention and control to the front. Meanwhile, we continued to improve the service quality, and strengthened the consumer right protection to special groups, including people with disabilities, the elderly, and laid-off workers, through measures such as launching targeted products, improving service facilities, and providing extended services.





The Bank proactively carried out financial knowledge promotion and education, and prepared the 2019 Work Plan for Financial Knowledge Promotion and Popularization of Postal Savings Bank of China. Making full use of its strengths as it has a large number of outlets in many places, the Bank continued to organize financial knowledge promotion activities with wide-ranged themes and diverse formats. In 2019, focusing on the financial services and business problems that were generally reflected by consumers, the Bank organized promotional activities, such as the "Illegal Fund-raising Prevention Month", "Payment Security and Precaution of Telecommunication Network Fraud Promotion Week" and "Popularization of Financial Knowledge to Guard the Purse", sending a total number of over 3.21 million text messages on financial knowledge promotion which reached out to 158 million customers.



Inviting primary school students to learn financial knowledge at the outlet



The Bank promoted financial knowledge in the community

## Providing diversified services

Leveraging on the advantages of extensive outlets, wide coverage and network connection between urban and rural areas, the Bank actively built a community financial service system to provide comprehensive and multi-tier financial services to residents. As of the end of 2019, the Bank had a total of 39,638 outlets, covering 99% of the counties (cities) of the country. Leveraging our advantages in resources of rural areas and coordinating with China Post Group Co., Ltd., we cooperated with post offices in villages and small shops, promoted convenient remittance business in rural areas, and solved the problem of the "last kilometer" of financial services.



Improving personal settlement services

The Bank provides agency collection and payment services and various settlement services for personal customers. The agency collection and payment services primarily include payment of salary, benefits and allowances, and collection of utility fees and pension premiums. In 2019, the Bank's agency collection business reached RMB678,157 million and agency payment business stood at RMB1,796,478 million. In particular, pension premiums collected by the Bank amounted to RMB58,301 million, and pension payment amounted to RMB950,354 million. We also participated in the promotion of New Rural Endowment Insurance (NREI) and the New Rural Cooperative Medical Service (NRCMS). In 2019, we processed 5,744,500 transactions of NREI premium collection with a volume of RMB2,089 million; 222 million transactions of NREI premium payment with a volume of RMB33,661 million; and 909,400 payment transactions of NRCMS reimbursement and allowance with a volume of RMB878 million.



Boosting consumption upgrade

To meet customers' diversified consumption financing needs, our consumer loans have developed into four major product systems of housing, automobile, consumption and education. Based on the ecosystem of internet consumer finance, the Bank optimized the online PSBC consumer loan products, and achieved the target of "online loan processing, intelligent loan approval". We also cooperated with internet leading enterprises and formed a platform-based consumer loan cooperation model featuring "mutual complementarity, shared resources, and independent double risk controls", providing simple and efficient online loan service to customers.

Focusing on improving online services, the Bank provided consumer loan service to customers through its outlets nationwide, based on which a unique O2O service model was developed to promote the interconnection of online channels and offline outlets, offering seamless online and offline experiences on consumer finance. As of the end of 2019, the balance of personal consumer loans increased by RMB323,957 million or 19.13% over the end of last year to RMB2.02 trillion.



Serving public investment needs

The Bank implemented regulatory requirements such as the new rules on asset management and orderly advanced the transformation of its personal wealth management business. We released exclusive products for new customers, VIP customers and high net-worth customers on a continual basis, continuously enriched the regular series of NAV products and the product system of themed products to cater to the needs of different customers. We implemented appropriateness management on investors, strengthened the investor education, and increased the capabilities in customer risk identification. As of the end of 2019, the balance of wealth management to retail customers was RMB782,770 million, representing an increase of 8.20%.





Promoting the systematic transformation of outlets

The Bank promoted the systematic transformation of outlets, and highlighted the transformation direction of intelligence, lightness and integration based on the core objectives of improving customer experience and enhancing outlet efficiency. By strengthening the refined management of outlets, we enhanced the marketing capability, full service capability, professional operation, and online and offline integrated all-channel services, and accelerated the transformation of outlets into marketing service centers and customer experience centers that maintain customer relationships, provide wealth management services, and meet customers' comprehensive financial needs.

## Case Study

### Creating a "New Retail Experience Center"

Based on the accurate analysis of users by using big data, Shenzhen Bay Sub-branch of Shenzhen Branch closely connected the consumption scenario with customer experience based on the concept of sharing to create the "New Retail Experience Center", which integrates various services such as merchant interaction, membership reward and wealth management. The "New Retail Experience Center" consists of three functional areas, namely, financial service experience area, refreshment service area and wealth management center, which provide users with self-service retail services, water and beverage services and financial management services. The wealth management center provides start-up customers with free venues for roadshows and product launching. While improving customer experiences and meeting the comprehensive financial needs of customers in the district, the center also saves operating costs for enterprises and provides comprehensive and multi-level financial services to customers.



New Retail Experience Center at Shenzhen Bay Sub-branch

## Engaging in public charity activities

The Bank paid close attention to the society and people's livelihood. While achieving our own business development, we insisted on sharing the development results with the society through ways such as donations and voluntary work, in hopes of delivering charity and compassion, and promoting social harmony.

By resorting to PSBC Love Charity Platform, we improved the educational conditions in poverty-stricken areas and promoted the development of local education and cultural undertakings by donating money to help students, and carrying out various public welfare activities such as "PSBC Love Charity Visits" and "PSBC Love Charity Book Corners". As of the end of 2019, PSBC Love Charity Foundation raised RMB28.306 million to subsidize 1,650 students with financial difficulties in the PSBC Love Classes of Self-Commitment from 33 poverty-stricken county high schools; provided a one-off education subsidy of RMB2,000 to students from registered poor households who were admitted into Tier 1 universities from high schools in designated poverty-stricken counties, subsidizing a total number of 1,336 students.

Utilizing the advantage of its business, the Bank explored the online donation mode of "Internet Finance + Charity", and launched the donation function in mobile banking, personal online banking and WeChat banking. Besides, we improved the customer experience by optimizing the transaction process and adding pop-up messages, so that customers can donate anytime and anywhere as they wish.

We launched regular voluntary services. Through PSBC Charity Association of Volunteers, we organized bank-wide charity volunteering activities like charity fund-raising and PSBC Charity Jogging, created a harmonious and friendly community atmosphere, and ensured that people live and work in contentment.



PSBC Love Charity visited Hezheng Middle School of Gansu Province





Guangdong Branch set up PSBC Love Charity Book Corners in Migrant Schools



PSBC employees planted trees for better environment in a public welfare activity

## Case Study

## A Cup of "Ginger Tea of Care" to warm the hearts of the urban outdoor front-line workers

To show care for outdoor workers such as law enforcement officers, sanitation workers and city workers who work in the streets and lanes, Ningbo Branch made use of its advantage of extensive outlets and organized the "Ginger Tea of Care" campaign themed "Subscribing and Donating A Cup of Ginger Tea to Warm the City Up" together with Ningbo Charity Federation and the Volunteer Association of Ningbo City. All PSBC outlets in the city served as distribution points of "Ginger Tea of Care" by the volunteers to deliver ginger tea to the outdoor front-line workers, in order to bring warmth to the city with concrete actions. As of the end of 2019, the number of operation booths for "Ginger Tea of Care" in Ningbo reached 52, extending to wider rural areas from core urban districts to facilitate the access for outdoor workers.

"PSBC not only provides financial services to society, but also provides considerate help for outdoor workers. A cup of ginger tea not only warms our bodies, but also warms our hearts."

— a sanitation worker



Ningbo Branch provided "Ginger Tea of Care" in winter to outdoor workers



## Fully supporting the fight against COVID-19

Since the COVID-19 outbreak, the Bank conscientiously implemented decisions and instructions of the CPC Central Committee and the State Council, as well as requirements of regulators, released the notice calling for people to stay alert to the epidemic at the first time, worked out contingency plans, strengthened the work on epidemic prevention while continuing to provide financial services, and fully supported work resumption. Meanwhile, we donated **RMB30 million** to Wuhan for combating the epidemic.

### Strengthening credit support

The Bank targeted its support towards enterprises engaged in epidemic prevention , and strengthened credit support for related hospitals, medical research institutes and enterprises. We made active efforts to meet the financing needs for epidemic containment, medical product manufacturing and procurement, public healthcare infrastructure construction and scientific research, to ensure the supply of medicine, medical equipment and other supplies.

For severely hit sectors and enterprises, the Bank implemented targeted policies to help related enterprises to combat the epidemic. The measures taken included loan extension, suspending interest payment, change of repayment methods, arranging loan renewal in advance, increasing credit loans and medium and long-term loans, cutting loan-related fees, and properly mitigating risks.

The critical stage for containing the COVID-19 epidemic coincides with the important season for agricultural production. The Bank increased the investment in agriculture-related loans, and vigorously promoted the Speedy Micro Loan and E-convenient Loan to support production of agricultural and sideline products and resources supply. For Sannong customers that were severely hit by the epidemic, we offered preferential interest rates, loan renewal, and payment extension to support production resumption.

The Bank implemented policies to adjust fees related to the epidemic control. We adopted differentiated credit policies for individuals affected by the epidemic to protect their rights and interests related to individual credit.

### Implementing the requirements for the epidemic prevention and control

The Bank fully assisted relevant authorities and local governments in containing the novel coronavirus epidemic, firmly implemented various work requirements, and guaranteed the safety of the financial infrastructure.

The Bank made detailed plans for the epidemic prevention and control while providing financial services, strengthened epidemiological screening on employees, and made arrangements for the epidemic prevention of employees. We exerted ourselves to ensure that our staff at the business outlets take self-protection measures, and that protective supplies such as face masks, hand sanitizers, disinfectants and other safety protection products as well as infrared temperature testers are available in the workplaces. Protection measures were taken at front doors, halls and counters to ensure customers' safety. Besides, we strengthened the cleaning, disinfection and basic protection measures at the business outlets, and sterilized the workplaces and equipment used there. We increased cash provisions to ensure adequate cash supply at business outlets and ATMs, and sterilized the cash.

Meanwhile, the Bank extended the scope of services, ranging from the business outlets, communities, and sub-districts to townships and villages to do our share in the epidemic containment.



## Granting emergency loans to support enterprises to purchase raw medicinal materials

After the outbreak of the epidemic, Hubei Branch of the Bank formulated a corporate loan plan to support the containment of the epidemic, and set up an emergency execution team. The branch contacted medical institutions and enterprises at the first time, and provided full support to meet the credit needs of enterprises engaging in research and production of medicine, medical equipment and related products needed for the epidemic prevention and control. The Humanwell Healthcare Company, one of Hubei's enterprises for centralized emergency material procurement, and responsible for purchasing and supplying emergency materials used for the epidemic containment, was trapped by a shortage of capital for such procurement. To solve this problem, the emergency execution team of Hubei Branch, with personal protective measures, worked overtime to review the company's needs, carried out due diligence, and prepared a special loan report. The front, middle and back offices worked simultaneously and successfully granted a loan of RMB100 million within 48 hours, giving enormous support for purchasing the materials in need.



With the support of the Bank, the Humanwell Healthcare Company successfully purchased materials needed for the epidemic prevention and control

### Improving financial service efficiency

The Bank established green channels to fast-track the approval process. Guided by the principle of handling special issues with special methods and urgent issues as quickly as possible, we simplified approval process and strengthened support by granting additional credit for branches in Hubei and other regions severely hit by the epidemic.

As it is inconvenient to go outside during the COVID-19 outbreak, the Bank took full advantage of its online products, actively promoted online products, encouraged customers to use our online banking and mobile banking services, and made quick responses to customers' inquiries, so as to satisfy customers' demands of financial services through online customer service platforms such as open payment platforms.

# Third-party Assurance

2020/SH-0212  
(Page1/3)

English Translation for Reference Only

## Independent practitioner's assurance report

To the Board of Directors of Postal Savings Bank of China Corporation Limited

We have been engaged to perform a limited assurance engagement on the selected 2019 key data as defined below in the 2019 Social Responsibility Report ("SR report") of Postal Savings Bank of China Corporation Limited (the "Bank").

## Selected Key Data

The selected key data in the Bank's 2019 SR report that is covered by this report is as follows:

- Balance of inclusive financial loans to small and micro businesses
- Balance of agriculture-related loans
- Balance of green loans (energy saving and environmental protection projects and services loans)
- Total number of employees
- Proportion of ethnic minority employees
- Labour contract signing rate
- Male to female ratio of middle and senior managers
- Public welfare donations
- Number of outlets
- Number of outlets at county level and below
- Purchased electricity power consumption of the Head Office
- Daily water consumption of the Head Office
- E-channel transaction ratio

Our assurance was with respect to year ended 31 December 2019 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2019 SR report.

## Criteria

The criteria used by the Bank to prepare the selected key data in the 2019 SR report is set out in the basis of reporting of the key data (the "basis of reporting") after this assurance report.

2020/SH-0212  
(Page2/3)

## The Board of Directors' Responsibilities

The Board of Directors of the Bank is responsible for the preparation of the selected key data in the 2019 SR report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2019 SR report that is free from material misstatement, whether due to fraud or error.

## Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Practitioner's Responsibilities

It is our responsibility to express a conclusion on the selected key data in the 2019 SR report based on our work.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Bank's 2019 selected key data in the 2019 SR report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2019 SR report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. Within the scope of our work, we have performed the following procedures in the Head Office and



2020/SH-0212  
(Page3/3)

Beijing Branch of the Bank. We have not conducted work in other branches.

- 1) Interviews with relevant departments of the Bank involved in providing information for the selected key data within the SR report; and
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation; and
- 5) Other procedures deemed necessary.

**Inherent Limitation**

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

**Conclusion**

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2019 selected key data in the 2019 SR report is not prepared, in all material respects, in accordance with the basis of reporting.

**Restriction on Use**

Our report has been prepared for and only for the board of directors of the Bank and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

**PricewaterhouseCoopers Zhong Tian LLP**

Shanghai, China  
March 25, 2020

**Appendix: Basis of Reporting of the Key Data**

**Balance of inclusive financial loans to small and micro businesses (RMB hundred million):** The term disclosed herein refers to small & micro business loan balances calculated based on the criteria determined by China Banking Regulatory Commission, namely the balance of small and micro businesses loans with an individual credit value totalling RMB10 million or less, including the inclusive financial loan balances of small & micro enterprise legal person, inclusive financial operating loan balances of individual businesses and small & micro business owners. The enterprises are categorized according to the Standard for the Classification of Small and Medium-size Enterprises (Ministry of Industry and Information Technology).

**Balance of agriculture-related loans (RMB trillion):** The term disclosed herein refers to the balances of various agriculture-related loans calculated based on regulatory criteria, including the balances of farmers' loans, balances of rural business & various organization loans, balances of urban business & various organization agriculture-related loans and balances of non-farming personal loans for agriculture, forestry, animal husbandry & fishery. "Farmers' loans" refers to all the loans issued by the reporting agencies to the farmers. "Urban business & various organization agriculture-related loans" refers to loans issued by the reporting agencies to the enterprises and organizations registered in urban areas and engaged in agriculture, forestry, animal husbandry and fishery activities, and loans for supporting agriculture and rural development. "Non-farming personal loans of agriculture, forestry, animal husbandry & fishery" refers to loans granted by reporting agencies to various lending entities engaged in activities in category A (agriculture, forestry, animal husbandry and fishery) (see Guide of 2019 Statistical Reporting System of PSBC).

**Balance of green loans (energy saving and environmental protection projects and services loans) (RMB hundred million):** The term disclosed herein refers to the loan balances of environmental protection projects and services, including 12 types, namely green agricultural development projects, green forestry development projects, industrial energy-saving, water-saving and environmental protection projects, nature conservation, ecological restoration and disaster prevention and control projects, resource-recycling projects, waste treatment and pollution prevention projects, renewable and clean energy projects, urban and rural water projects, energy-saving and green architecture projects, green traffic projects, energy-saving and environmental protection projects, and overseas projects with international practices or standards.

**Total number of employees (persons):** The term disclosed herein refers to the total number of employees signing full-time labor contracts with Postal Savings Bank of China Co., Ltd. (including holding subsidiaries), excluding dispatched employees.

**Proportion of ethnic minority employees (%):** The term disclosed herein refers to the proportion of ethnic minority employees in the total number of employees (including holding subsidiaries).

**Labour contract signing rate (%):** The term disclosed herein refers to the ratio of the number of employees signing labour contracts to the total number of employees.

**Male to female ratio of middle and senior managers:** The term disclosed herein refers to the ratio of male and female employees in middle and senior management which include the following:  
Leaders of the head office: directors, supervisors and senior management staff (excluding employee supervisors);  
Head of departments of the head office: general managers (vice chairman, directors), deputy general managers (vice directors), and assistant general managers (assistants to directors);  
Leaders of tier-one branches: senior managers, president, secretary of Party committee, vice president, Party committee members, secretary of Party Discipline committee, chairman of labour union, chief auditor, president's assistant;  
Leaders of holding subsidiaries: senior managers, chairman of the board, chairman of the board of supervisors, general managers, secretary of Party committee, deputy general managers, Party committee members, secretary of Party Discipline committee, and chairman of labour union.

**Public welfare donations (RMB ten thousand):** The term disclosed herein refers to the public welfare donations stipulated in the "Law of the People's Republic of China on Donations for Public Welfare", donated through public welfare social organizations or the people's governments at or above the county level and their departments, public welfare non-profit public institutions, etc.

**Number of outlets:** The term disclosed herein refers to the total number of domestic outlets (excluding Hong Kong, Macao, Taiwan, and overseas branches).

**Number of outlets at county level and below:** The term disclosed herein refers to the total number of outlets at or below the county level. The county outlets refer to the outlets located in a county as identified by the national administrative divisions or located inside the city of a government at the same level as a county, including outlets located inside county-level cities, counties, autonomous counties, banners, autonomous banners, administrative zones and forests identified as at the same level as a county based on national administrative divisions. Outlets below the county level mean outlets located outside of a county as identified by national administrative divisions or outside the city of a government at the same level as a county, or outlets in jurisdictions of basic administrative unit below the county level, including towns, villages, Sumu, Ethnic Township, and Ethnic Sumu.

**Purchased electricity power consumption of the Head Office (MWh):** The term disclosed herein refers to total electricity power consumption of the head office area of the Bank in Beijing, including the purchased electricity power consumption of Jinding Building office area, Xinsheng Building office area, Dacheng Building office area, Fengtai No.72 Building office Area, the office area of Credit Card Center of Advanced Business Park, the office area of Software Research and Development Center of Advanced Business Park, Yongfeng office area, Yizhuang office area, Orient Asset Mansion office area and Ximeng office area.

**Daily water consumption of the Head Office (tons):** The term disclosed herein refers to total water consumption of the head office area of the Bank in Beijing, including the daily water consumption of Jinding Building office area, Dacheng Building office area, Fengtai No.72 Building office area, the office area of Credit Card Center of Advanced Business Park, ,the office area of Software Research and Development Center of Advanced Business Park, Yongfeng office area, Yizhuang office area, Orient Asset Mansion office area and Ximeng office area.

**E-channel transaction ratio (%):** The term disclosed herein refers to the number of e-banking transactions divided by the sum of the number of e-banking transactions and the number of counter transactions of the Bank.

Index of indicators

ESG Reporting Guide Index

Environmental	Indicator S/N	Indicator Content	Note
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Implementing green operations
	A1.1	The types of emissions and respective emissions data.	Environmental Performance Indicators in 2019
	A1.2	Total greenhouse gas emissions (in tons) and, if applicable, intensity (e.g. per unit of output, per facility).	Environmental Performance Indicators in 2019
	A1.3	Total hazardous waste produced (in tons) and, if applicable, intensity (e.g. per unit of output, per facility).	Environmental Performance Indicators in 2019
	A1.4	Total non-hazardous waste produced (in tons) and, if applicable, intensity (e.g. per unit of output, per facility).	Environmental Performance Indicators in 2019
	A1.5	Description of measures to mitigate emissions and results achieved.	Implementing green operations
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Implementing green operations
	General Disclosure	Policies on the efficient use of resources (including energy, water and other raw materials).	Implementing green operations
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of output, per facility).	Environmental Performance Indicators in 2019
	A2.2	Water consumption in total and intensity (e.g. per unit of output, per facility).	Environmental Performance Indicators in 2019
	A2.3	Description of energy use efficiency initiatives and results achieved.	Implementing green operations
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Implementing green operations
	A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	N/A
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Enhancing green management
	A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	Promoting green finance
Social	Indicator S/N	Indicator Content	Note
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours,vacation periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Growing together with employees
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Highlights, Growing together with employees
	B1.2	Employee turnover rate by gender, age group and geographical region.	To be disclosed in the future as planned
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Growing together with employees
	B2.1	Number and rate of work-related fatalities.	To be disclosed in the future as planned
	B2.2	Lost days due to work injury.	To be disclosed in the future as planned
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Growing together with employees



Social	Indicator S/N	Indicator Content	Note
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Growing together with employees
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	To be disclosed in the future as planned
	B3.2	The average training hours completed per employee by gender and employee category.	To be disclosed in the future as planned
Aspect B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Growing together with employees
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Growing together with employees
	B4.2	Description of steps taken to eliminate such practices when discovered.	Growing together with employees
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Implementing green operations
	B5.1	Number of suppliers by geographical region.	To be disclosed in the future as planned
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Implementing green operations
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Protecting information security, Deepening internal control and compliance, Taking part in community development
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
	B6.2	Number of products and service related complaints received and how they are dealt with.	Taking part in community development
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Deepening internal control and compliance
	B6.4	Description of quality assurance process and recall procedures.	N/A
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protecting information security, Taking part in community development
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Deepening internal control and compliance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	To be disclosed in the future as planned
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Deepening internal control and compliance
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Serving the rural revitalization, Helping with targeted poverty alleviation, Taking part in community development
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sports).	Engaging in public charity activities
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Highlights, Engaging in public charity activities

GRI Content Index

Standard number and description		Note
Organization Profile	102-1 Name of the organization	About Us
	102-2 Activities, brands, products, and services	About Us
	102-3 Location of headquarters	About This Report
	102-4 Location of operations	About Us
	102-5 Ownership and legal form	About Us
	102-6 Markets served	About Us
	102-7 Scale of the organization	About Us
	102-8 Information on employees and other workers	CSR data, Growing together with employees
	102-9 Supply chain	Implementing green operations
	102-10 Significant changes to the organization and its supply chain	Implementing green operations
	102-11 Precautionary principle or approach	Enhancing risk management
	102-12 External initiatives	About This Report
	102-13 Membership of associations	CSR Honors
Strategy	102-14 Statement from senior decision-maker	Message from the Chairman, Message from the President
	102-15 Key impacts, risks, and opportunities	Message from the Chairman, Message from the President
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	Strengthening responsibility management
	102-17 Mechanisms for advice and concerns about ethics	Corporate Governance
Governance	102-18 Governance structure	Corporate Governance
	102-19 Delegating	Corporate Governance
	102-20 Executive-level responsibilities for economic, environmental, and social topics	Corporate Governance
	102-21 Consulting stakeholders on economic, environmental, and social topics	Strengthening responsibility management
	102-22 Composition of the highest governance body and its committees	Corporate Governance
	102-23 Chair of the highest governance body	Refer to the annual report
	102-24 Nominating and selecting the highest governance body	Refer to the annual report
	102-25 Conflicts of interest	Refer to the annual report
	102-26 Role of highest governance body in setting purpose, values, and strategy	Corporate Governance
	102-27 Collective knowledge of highest governance body	Message from the Chairman, Message from the President, Corporate Governance, Concept of Social Responsibility
	102-28 Evaluating the highest governance body's performance	Refer to the annual report
	102-29 Identifying and managing economic, environmental, and social impacts	Corporate Governance, Concept of Social Responsibility
	102-30 Effectiveness of risk management processes	Enhancing Risk Management
	102-31 Review of economic, environmental, and social topics	Corporate Governance, Substantive Issues
	102-32 Highest governance body's role in sustainability reporting	Corporate Governance
	102-33 Communicating critical concerns	Stakeholders Management

Standard number and description		Note
Governance	102-34 Nature and total number of critical concerns	Stakeholders Management, Substantive issues
	102-35 Remuneration policies	Refer to the annual report
	102-36 Process for determining remuneration	Refer to the annual report
	102-37 Stakeholders' involvement in remuneration	Refer to the annual report
	102-38 Annual total compensation ratio	Refer to the annual report
	102-39 Percentage increase in annual total compensation ratio	Refer to the annual report
Stakeholders Engagement	102-40 List of stakeholder groups	Stakeholders Management
	102-41 Collective bargaining agreements	
	102-42 Identifying and selecting stakeholders	Stakeholders Management
	102-43 Approach to stakeholder engagement	Stakeholders Management
	102-44 Key topics and concerns raised	Stakeholders Management
Reporting Practice	102-45 Entities included in consolidated financial statements	Refer to the annual report
	102-46 Defining report content and topic boundaries	Substantive Issues
	102-47 List of material topics	Substantive Issues
	102-48 Restatements of information	About This Report
	102-49 Changes in reporting	About This Report, Strengthening Responsibility Management
	102-50 Reporting period	About this report
	102-51 Date of most recent report	
	102-52 Reporting cycle	About This Report
	102-53 Contact point for questions regarding the report	About This Report
	102-54 Claims of reporting in accordance with the GRI Standards	About This Report
	102-55 GRI content index	GRI Sustainable Development Report Standard content index
	102-56 External assurance	Third-party Assurance
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	Substantive Issues
	103-2 The management approach and its components	Corporate Governance
	103-3 Evaluation of the management approach	
GRI 201 Economic Performance	Management Approach	Adhering to the origin of finance
	201-1 Direct economic value generated and distributed	CSR Data
	201-2 Financial implications and other risks and opportunities due to climate change	Practicing green development
	201-3 Defined benefit plan obligations and other retirement plans	Refer to the annual report
	201-4 Financial assistance received from government	
GRI 202 Market Presence	Management Approach	
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2 Proportion of senior management hired from the local community	

Standard number and description		Note
GRI 203 Indirect Economic Impacts	Management Approach	Adhering to the origin of finance
	203-1 Infrastructure investments and services supported	Adhering to the origin of finance
	203-2 Significant indirect economic impacts	Adhering to the origin of finance
GRI 204 Procurement Practices	Management Approach	Implementing green operations
	204-1 Proportion of spending on local suppliers	Implementing green operations
GRI 205 Anti-corruption	Management Approach	Deepening internal control and compliance
	205-1 Operations assessed for risks related to corruption	
	205-2 Communication and training about anti-corruption policies and procedures	Deepening internal control and compliance
	205-3 Confirmed incidents of corruption and actions taken	
GRI 206 Anti-competitive Behavior	Management Approach	
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
GRI 301 Materials	Management Approach	N/A
	301-1 Materials used by weight or volume	N/A
	301-2 Recycled input materials used	N/A
	301-3 Reclaimed products and their packaging materials	N/A
GRI 302 Energy	Management Approach	Practicing green development
	302-1 Energy consumption within the organization	Environmental Performance Indicators in 2019
	302-2 Energy consumption outside of the organization	
	302-3 Energy intensity	Environmental Performance Indicators in 2019
	302-4 Reduction of energy consumption	Environmental Performance Indicators in 2019
	302-5 Reductions in energy requirements of products and services	
GRI 303 Water	Management Approach	Implementing green operations
	303-1 Water withdrawal by source	N/A
	303-2 Water sources significantly affected by withdrawal of water	N/A
	303-3 Water recycled and reused	
GRI 304 Biodiversity	Management Approach	
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	304-2 Significant impacts of activities, products and services on biodiversity	Strengthening green management and promoting green finance
	304-3 Habitats protected or restored	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	



Standard number and description		Note
GRI 305 Emissions	Management Approach	Practicing green development
	305-1 Direct (Scope 1) GHG emissions	Environmental Performance Indicators in 2019
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Performance Indicators in 2019
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	Environmental Performance Indicators in 2019
	305-5 Reduction of GHG emissions	
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulfur oxide (SOx), and other significant air emissions	Environmental Performance Indicators in 2019
GRI 306 Effluents and Waste	Management Approach	Practicing green development
	306-1 Water discharge by quality and destination	N/A
	306-2 Waste by type and disposal method	Environmental Performance Indicators in 2019
	306-3 Significant spills	N/A
	306-4 Transport of hazardous waste	N/A
	306-5 Water bodies affected by water drainage and/or runoff	N/A
GRI 307 Environmental Compliance	Management Approach	Implementing green operations
	307-1 Non-compliance with environmental laws and regulations	
GRI 308 Supplier Environmental Assessment	Management Approach	Implementing green operations
	308-1 New suppliers that were screened using environmental criteria	
	308-2 Negative environmental impacts in the supply chain and actions taken	
GRI 401 Employment	Management Approach	Growing together with employees
	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Growing together with employees
	401-3 Parental leave	Growing together with employees
GRI 402 Labor/Management Relations	Management Approach	
	402-1 Minimum notice periods regarding operational changes	
GRI 403 Occupational Health and Safety	Management Approach	Enhancing employee care
	403-1 Workers representation in formal joint management—worker health and safety committees	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	N/A
	403-4 Health and safety topics covered in formal agreements with trade unions	
GRI 404 Training and Education	Management Approach	Promoting career development
	404-1 Average hours of training per year per employee	
	404-2 Programs for upgrading employee skills and transition assistance programs	Growing together with employees
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 405 Diversity and Equal Opportunities	Management Approach	Corporate Governance, Growing together with employees
	405-1 Diversity of governance bodies and employees	Growing together with employees
	405-2 Ratio of basic salary and remuneration of women to men	

Standard number and description		Note
GRI 406 Non-discrimination	Management Approach	Protecting employees' rights and interests
	406-1 Incidents of discrimination and corrective actions taken	
GRI 407 Freedom of Association and Collective Bargaining	Management Approach	
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408 Child Labor	Management Approach	Protecting employees' rights and interests
	408-1 Operations and suppliers at significant risk for incidents of child labor	
GRI 409 Forced or Compulsory Labor	Management Approach	Protecting employees' rights and interests
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410 Security Practices	Management Approach	Growing together with employees
	410-1 Security personnel trained in human rights policies or procedures	
GRI 411 Rights of Indigenous Peoples	Management Approach	N/A
	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 412 Human Rights Assessment	Management Approach	Protecting employees' rights and interests
	412-1 Operations that have been subject to human rights reviews or impact assessments	
	412-2 Employee training on human rights policies or procedures	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
GRI 413 Local Communities	Management Approach	Integrating into community development
	413-1 Operations with local community engagement, impact assessments, and development programs	
	413-2 Operations with significant actual and potential negative impacts on local communities	N/A
GRI 414 Supplier Social Assessment	Management Approach	Implementing green operations
	414-1 New suppliers that were screened using social criteria	Implementing green operations
	414-2 Negative social impacts in the supply chain and actions taken	
GRI 415 Public Policy	Management Approach	N/A
	415-1 Political contributions	N/A
GRI 416 Customer Health and Safety	Management Approach	Protecting consumer rights and interests
	416-1 Assessment of the health and safety impacts of product and service categories	Protecting consumer rights and interests
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 417 Marketing and Labeling	Management Approach	Protecting consumer rights and interests
	417-1 Requirements for product and service information and labeling	
	417-2 Incidents of non-compliance concerning product and service information and labeling	
GRI 418 Customer Privacy	417-3 Incidents of non-compliance concerning marketing communications	
	Management Approach	Protecting information security, Integrating into community development
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	
GRI 419 Socioeconomic Compliance	Management Approach	Deepening internal control and compliance
	419-1 Non-compliance with laws and regulations in the social and economic area	

## FEEDBACK FORM

Dear readers:

Thank you for reading the 2019 Corporate Social Responsibility Report of Postal Savings Bank of China. We highly value your opinions on this report. In order to further improve this report, provide you with more valuable information, and enhance social responsibility performance of the Bank, please kindly give us your suggestions and feedback regarding this report.

• Please identify yourself with one of the following options:

- ☐ Government ☐ Shareholder ☐ Customer ☐ Employee ☐ Partner  
☐ Industry peer/Industry association ☐ Environmental protection organization  
☐ Community/Public ☐ Media ☐ Others

• What's your overall impression of this report?

- ☐ Excellent ☐ Good ☐ Acceptable ☐ Poor ☐ Very poor

• What do you think of the structure of this report?

- ☐ Very reasonable ☐ Reasonable ☐ Acceptable ☐ Poor ☐ Very poor

• What do you think of the layout of this report?

- ☐ Very reasonable ☐ Reasonable ☐ Acceptable ☐ Poor ☐ Very poor

• What do you think of the readability of this report?

- ☐ Excellent ☐ Good ☐ Acceptable ☐ Poor ☐ Very poor

• What do you think of the quality of the CSR information disclosed in this report?

- ☐ Excellent ☐ Good ☐ Acceptable ☐ Poor ☐ Very Poor

• Do you have any comment or suggestion on the Corporate Social Responsibility Report and social responsibility work of the Bank?

Sincerely thank you for your support! You can send your feedback to us in any of the following ways:

Mailing address:

General Office of Postal Savings Bank of China Co., Ltd.

No.3 Financial Street, Xicheng District, Beijing, China

Postal code: 100808

Fax: 86-10-68858859

Email: [csr@psbcoa.com.cn](mailto:csr@psbcoa.com.cn)