



2020

Corporate Social Responsibility Report

Environmental | Social | Governance

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About This Report

1. 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, 2020 to December 31, 2020. Part of the contents may exceed the above-mentioned time span.

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

2. 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 Guidelines for 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.

3. Data Sources of the Report

Financial data in this report are all from the 2020 Annual Report of PSBC (H-share), while other data are mainly from the year 2020 and some data are beyond the above time range. The currency for the amounts included in this report, unless otherwise stated, is Renminbi ("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 the arithmetic aggregation of the preceding figures.

4. 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.

5. Publication Format and Language of the Report

This report is published in electronic format and 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.

6. Other Channels to Get Information

Follow the official WeChat account of PSBC by scanning the QR code:



Or log into the official website of the Bank:
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Zhang Jinliang
Chairman of Postal Savings
Bank of China

Message from the Chairman

The past year of 2020 was an extraordinary year. In the face of the sudden outbreak of COVID-19, the Bank followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the decisions and arrangements made by the CPC Central Committee and the State Council as well as regulatory requirements, and fought against the coronavirus while serving to boost economic and social development. We made every effort to fight the three critical battles against major risks, poverty and pollution, and delivered solid services for ensuring "stability on six key fronts" and "security in six key areas". We played our due role to the successful conclusion of the 13th Five-Year Plan, made more confident and solid strides toward building a first-tier large retail bank, and fulfilled our CSR responsibilities in serving national economic and social development.

Going all out to fight COVID-19 with financial services. The coronavirus outbreak brought us deeper understanding of the symbiosis between the real economy and finance. In the anti-coronavirus battle, we worked hard to improve financial services for the real economy. We quickly activated emergency response to the pandemic, built a safety net against it, and launched a wide range of financial services to help stop the spread of the virus. We steadily increased financing, opened green lanes, and took various measures to reduce financing costs of enterprises and facilitate the resumption of the real economy. We actively aligned with national strategies, served the formation of a new development pattern, and provided strong financial support for the economic and social recovery.

Maintaining strategic positioning and developing inclusive finance. As the pioneer in and promoter of inclusive finance, we always maintain our strategic positioning as a retail bank, and have blazed a unique path toward sustainable inclusive finance. We stepped up efforts in poverty alleviation and explored the five models of financial services for poverty relief, to stimulate the local self-sustaining development of poverty-stricken areas and sustain poverty reduction outcomes, thus contributing to winning the critical battle against poverty. We merged online and offline channels, and developed original services for "agriculture, rural areas and farmers", urban and rural residents and SMEs. We actively explored new models and ecosystems of inclusive finance to shed light on the road to a better life.

Pursuing green development and protecting our common home. The COVID-19 pandemic has provoked serious soul-searching on our relationship with the Nature, and directed more attention to global climate governance. We upheld the vision of a community with a shared future for mankind, aggressively pursued green development, promoted green

finance and climate financing, strengthened environmental, social and governance (ESG) risk management, and promoted green operation and working in an environment-friendly way. We strove to be a green inclusive bank and a climate-friendly bank, helped China deliver its "carbon peak" and "carbon neutralization" commitments, and protected our common home.

Embracing the digital revolution and developing smart banking. The rapidly-evolving FinTech has become a strong support for banking digitization. We continued to stress the empowering role of technology, and accelerated to develop the ecosystem of digital scenarios and a smart ecosystem of "finance + services". We were approved to join the national e-CNY pilot program, and were the first major state-owned commercial bank to obtain the direct banking license. We actively explored the online-offline integrated business model, and sped up to develop smart retail banking, so as to better benefit society with financial development and improve the customer experience.

Passing down the century-old spirit and strengthening CSR management. Throughout its history, the Bank has firmly shouldered and fulfilled its mission of supporting national economic development, improving people's livelihood and serving social progress. Built on this century-old cultural tradition, we are committed to building a modern first-tier commercial bank that is responsible, resilient and humane. We integrated CSR management into the Bank's development strategy, governance structure, corporate culture and business process, continued to improve CSR management, and joined hands with shareholders, customers, employees and all sectors of the society to generate sustainable business value.

The future is on the horizon, calling for more hard work. The year 2021 marks the 100th anniversary of the founding of the Communist Party of China. It is also the first year for China to implement the 14th Five-Year Plan and embark on a new journey to build a modern socialist country in all respects. At this transition from the first to the second Centenary Goal and entering a new development stage, we will continue to uphold the new development philosophy, integrate into the new development pattern and continue to serve "agriculture, rural areas and farmers", urban and rural residents and SMEs. We will spare no effort to push forward the transformation and development towards "uniqueness, comprehensiveness, lightness, digitalization and intensiveness", open up new horizons of high-quality development, and make more achievements and shoulder more responsibilities in the economic, environmental and social fields, to celebrate the 100th anniversary of the founding of the Communist Party of China.

Message from Senior Management

The year 2020 was an extraordinary year, as it witnessed the successful accomplishment of the 13th Five-Year Plan despite the COVID-19 pandemic. Since the outbreak of COVID-19, the Bank has leveraged its leading role as a major state-owned bank, coordinated pandemic control and corporate reform and development, and continuously improved financial services to promote sustainable economic, environmental and social development.

We fully supported the fight against COVID-19 and delivered solid services for ensuring stability on six key fronts and maintaining security in six key areas. In the face of the pandemic, we stood and worked together with the whole nation to overcome the difficulties. In the darkest days of COVID-19, we continued to provide essential financial services for consumers and businesses, and helped resume production and restore public confidence in recovery. As at the end of 2020, the Bank granted special-purpose central bank lending of RMB8,944 million to 706 key enterprises for pandemic control, and loans of more than RMB100 billion to other enterprises engaged in pandemic control; the balance of the Bank's inclusive finance loans to small and micro enterprises was RMB801,247 million, increasing by RMB148,062 million over the end of the previous year; and the balance of consumer loans reached RMB2.36 trillion, representing an increase of RMB345,601 million over the end of the previous year.

We worked hard to fight poverty and promote rural revitalization. We actively practiced inclusive finance, took financial poverty alleviation and financial support for agriculture as our responsibilities, spared no efforts to boost poverty alleviation, steadily built a collaborative ecosystem for rural development, and effectively aligned comprehensive poverty eradication with rural revitalization. Since the 18th National CPC Congress, we have granted more than RMB1 trillion credit to 832 state-level poverty-stricken counties (which have been lifted out of poverty), and extended more than RMB16.4 billion micro loans for poverty alleviation by approving over 420,000 loan applications. Since the introduction of micro credit business, we have extended more than RMB5 trillion of such loans to nearly 40 million applicants, effectively meeting the demand for the small-amount inclusive finance. As at the end of 2020, the balance of the Bank's agriculture-related loans reached RMB1.41 trillion, representing an increase of RMB149,676 million over the end of the previous year.

We implemented national strategies to promote economic transformation and upgrading. Guided by

serving the high-quality development of the real economy, we actively integrated into the new development pattern and earnestly served national strategies such as the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, integrated development in the Yangtze River Delta and the development of the Hainan Free Trade Port. We also supported the high-standard, high-quality development of Xiongan New Area. In addition, we enhanced our cross-border financial service capacity to better support the Belt and Road Initiative. As at the end of 2020, the balance of corporate loans was RMB1.98 trillion, representing an increase of RMB237,221 million over the end of the previous year.

We upheld the green development concept and contributed to ecological conservation. We deeply implemented the new development philosophy, identified such priority areas as wind power, photovoltaic power generation and new-energy vehicles, and actively developed green finance and climate financing products. We promoted green operation, and vigorously supported the development of a green, low-carbon and circular economy to fight the critical battle against pollution and protect the environment. As at the end of 2020, the balance of green loans stood at RMB280,936 million, representing an increase of 30.20% compared with the prior year-end, 9.9 percentage points higher than the industry average.

We continued to pursue innovation-driven development and enhanced the empowering role of FinTech. We continued to stress the empowering role of technologies, embrace new technologies, and promote intelligent upgrades. The IT application was accelerated across the board: 16 major enterprise-level platforms including the credit business platform were launched and put into production, bringing the 13th Five-Year IT plan to a successful end. We pushed forward the construction of the new-generation core personal banking system, and launched the open payment platform, PSBC Brain, customer management data mart and other key projects. We continued to strengthen scientific and technological talent team building and held the first data modeling competition.

In the upcoming year, we will continue to follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the new development philosophy in our pursuit of high-quality development. We will take more confident and forceful actions to contribute more to the economic and social development and people's well-being.

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 savings management system, Postal Savings Bank of China Limited was officially established. In January 2012, the Bank was transformed into a joint stock limited liability company. In December 2015, the Bank introduced ten strategic investors from home and abroad. In September 2016, it went public and was listed on the Hong Kong Stock Exchange. In December 2019, it was listed on the Shanghai Stock Exchange, successfully accomplishing the three-step reform, namely "joint stock reform, introduction of strategic investors and initial public offerings of A-share and H-share".

With approximately 40,000 outlets and services covering 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 as well as efficient operation. It has shown its superior asset quality and significant development potential, and is a leading retail bank in China.

The Bank is committed to serving the real economy, actively implementing the national development strategy and supporting the development of the modern economic system of China, and strives for sustainable development. The Bank adheres to the customer-centric philosophy and has established a financial service system where online and offline services connect with each other for joint development, providing our customers with quality, convenient and efficient integrated financial services. It adheres to the risk-based approach, continuously improves the development

of the comprehensive risk management system featuring "all aspects, whole process and entire staff", and maintains good asset quality. It continues to follow the principle of "covering both urban and rural areas and delivering services to the broad masses", and actively fulfills its social responsibilities in fields such as inclusive finance, green finance and targeted poverty alleviation.

After 14 years of dedicated efforts, the Bank has been playing an increasingly important role in the market with marked influence. In 2020, it ranked 22nd in The Banker's list of "Top 1000 World Banks" in terms of tier 1 capital. It was rated A+ and A1 this year by Fitch and Moody's respectively, the same as China's sovereignty credit rating. It was rated A, AAAspc and AAA with a stable outlook by S&P Global, S&P Global (China) Ratings and CCXI, respectively.

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

WORLD BANKS 2020
TOP 1000



Fitch Ratings



Moody's



S&P Global



S&P Global
China Ratings



CCXI



Feature Story |

Winning a decisive victory in poverty alleviation, and helping build a moderately prosperous society in all respects

During the 13th Five-Year Plan period, PSBC dedicated itself to supporting agricultural development and poverty alleviation through finance. We took the initiative to shoulder our responsibilities, and completed the task of poverty alleviation with high quality. Our nearly 40,000 business outlets distributed across urban and rural areas of the country. Fully leveraging this advantage, we were committed to getting through the "last mile" issue confronting the availability of financial services in impoverished areas. Proceeding from local conditions, we explored five poverty alleviation modes through finance, all of which aimed to stimulate the motivation of poor areas and population for self-development, make finance-enabled poverty reduction efforts more sustainable, and help fight the critical battle against poverty.

Looking into the 14th Five-Year Plan period, PSBC will enhance the research on how to effectively integrate the critical battle against poverty with the implementation of rural revitalization strategy. We will make planning in advance, intensify top-level design, and optimize relevant systems and mechanisms. While keeping the policies and endeavors for poverty alleviation through finance unchanged, we will continue increasing financial support for the areas and population already lifted out of poverty, promote the integrated development of primary, secondary and tertiary industries in these areas, consolidate and expand their achievements in poverty alleviation, and help realize rural revitalization on all fronts.



With the support of PSBC, all households of Shanghua Village, which is located in Gaoniang Town, Tianzhu County, Qiandongnan Miao and Dong Autonomous Prefecture of Guizhou Province were lifted out of poverty.

Results achieved and models adopted in poverty alleviation through finance

Promoting poverty alleviation through finance vigorously. Since the convening of the 18th CPC National Congress, the Bank has continued to increase its supply of poverty alleviation loans. The Bank has granted over RMB1 trillion loans to 832 national-level poverty-stricken counties (which have got rid of poverty), and over RMB16.4 billion micro loans for poverty alleviation, benefiting more than 420,000 poor population. Since the launch of the micro loan business, micro loans granted by the Bank have amounted to RMB5 trillion, covering over 40 million applications, with an average amount per deal only standing at RMB130,000. These inclusive loans effectively served the needs for small-amount funds.

Engaging in poverty alleviation through public benefits projects warmly. The Bank, along with China Foundation for Poverty Alleviation, established the "PSBC Love Charity Foundation" and sponsored the "PSBC Love Classes of Self-Commitment" program to provide educational funding aid for poor high school students. In 2020, the first 1,650 impoverished high school students from 33 "PSBC Love Classes of Self-Commitment" funded by the "PSBC Love Charity Foundation" in 18 provinces took the national college entrance examination. At the end of 2020, the "PSBC Love Classes of Self-Commitment" program in its second phase supported 38 schools in the poverty-stricken areas (some were in the "Three Regions and Three Prefectures"). A total of 1,900 high school students from impoverished families would receive the annual tuition and miscellaneous fees for three consecutive years. As at the end of 2020, the "PSBC Love Charity Foundation" raised funds of approximately RMB32,222,900 in total.

Filling the financial service vacancy at a great depth. The Bank shifted the focus of work towards villages and towns with no or inadequate access to financial services. As at the end of 2020, in the 135 national poverty-stricken counties (already got rid of poverty) of the "Three Regions and Three Prefectures", 265 outlets were established, of which 45 were set up from 2015 to 2020. Of the established ones, 24 have been opened for business. A total of 21 outlets located in Shenzha County, Nanmulin County and Chaya County of Tibet Autonomous Region, Nangqian County of Qinghai, Yanyuan County, Xide County, Puge County, Yuexi County, Songpan County, Kangding City, Butuo County, Heishui County and Jiuzhaigou County of Sichuan have all been approved for business opening.

As at the end of 2020

We have extended more than
RMB 1 trillion
credit to 832 state-level
poverty-stricken counties (which
have been lifted out of poverty)

We have extended more than
RMB 16.4 billion
micro loans for poverty alleviation

We have extended more than
RMB 5 trillion of micro loans since
the introduction of such business

We have established
265
outlets in the 135 national poverty-stricken
counties (already got rid of poverty) of the "Three
Regions and Three Prefectures"

We have approved over
420,000
applications of micro loans for poverty alleviation

We have extended micro loans to nearly
40 million applicants

Platform cooperation mode. We cooperate with government departments at all levels. Government risk compensation funds are used to leverage credit funds, with a view to easing the problem that poor households have nothing as a guarantee. This mode can achieve "bank-government synergy, government credit enhancement, and coordinated poverty alleviation."

Cooperation mode of resident First Secretary in the village. With the help of the resident First Secretary in the village, we can learn about the actual conditions of poor households, guide them to engage in production and operation, and thus realize the effective connection between credit funds and poor households.

Industry-driven mode. According to the development policy of "one industry in one county, one product for one bank", we try to help impoverished areas to realize development by relying on their distinctive industries. In doing so, poor households are internally motivated to engage in production and operation, and lead a better life on their own.



Talent-driven mode. We focus on the advantageous industries and key projects of poverty-stricken areas. Village cadres, Party members, large farmer households and other capable people will set examples for and mobilize poor households to engage in production activities or start up their own businesses.

Creditworthy village mode. We select the administrative villages with sound credit records, outstanding industrial advantages, high population concentration and great capital demand to grant credit lines in batch without separate loan application.

Progress achieved towards poverty alleviation in 2020



2020 was a decisive year for comprehensively building China into a moderately prosperous society in all aspects, and also the final year in which the country needed to secure a sweeping victory in the critical battle against poverty. The Bank attached great importance to targeted poverty alleviation through finance. We strengthened top-level design for poverty alleviation through finance, gave full play to our advantages in network, capital and professional operation, drafted differentiated credit policies and risk management policies, and continued to channel more policy support to poverty-stricken areas. Meanwhile, we kept promoting five major poverty alleviation modes, and rolled out innovative credit products and optimized existing ones. We went all out to support the registered poor population, and helped impoverished areas develop distinctive industries and construct infrastructure facilities. We incorporated the results achieved through poverty alleviation into the rural revitalization strategy with intensified efforts on a larger scale.

Coordinating pandemic response and poverty alleviation through finance as a whole

During the pandemic, the Bank issued the Notice on Issuing Micro Loans for Poverty Alleviation amid Pandemic Response, which took micro credit as a vital product to promote targeted poverty alleviation efficiently. We implemented the region-specific and tiered measures to curb the spread of the pandemic accurately, which allowed poor households affected by the pandemic to roll over the loan or postpone interest payment and those with continued capital needs to renew their loans without having to repay the principal first in support of their production continuity and ease their financial difficulties effectively.

Continuing to promote targeted poverty alleviation with finance

The Bank continued to increase the supply of financial targeted poverty alleviation loans. As at the end of 2020, the balance of such loans reached RMB100,521 million, representing an increase of RMB18,065 million compared with the prior year-end, and the loans benefited 8,548,400 poor population. During the reporting period, we issued loans of RMB1,206 million to Shangzhou District and Luonan County in Shangluo City, Shaanxi Province, two designated poverty alleviation areas of China Post Group Corporation Limited.

The Bank provided targeted support for poor population. We continued to develop the micro credit business for poverty alleviation, which featured "below RMB50,000, up to three years of maturity, without guarantee or mortgage, and at benchmark interest rates". The purpose of these loans was set to finance the production activities of registered poor households, people who were lifted out of poverty yet entitled to favorable policies, and the populations on the brink of poverty. As at the end of 2020, the balance of personal targeted poverty alleviation loans stood at RMB56,248 million, up by RMB7,657 million from the prior year-end.

The Bank focused on support to the development of local industries. Focusing on local distinctive industries, we increased the supply of targeted poverty alleviation loans for the development of local industries, so that various entities were financed to mobilize poor households for carrying out production activities together. As at the end of 2020, the balance of loans on targeted poverty alleviation through the development of local industries hit RMB30,941 million, representing an increase of RMB6,333 million compared with the prior year-end.

The Bank continued to underpin project implementation. With development plans of poor areas borne in mind, we prioritized on supporting the infrastructure construction and projects on improvement of people's livelihood in poor areas. As at the end of 2020, the balance of loans on targeted poverty alleviation through projects totaled RMB13,332 million, representing an increase of RMB4,576 million compared with the prior year-end.

Endeavoring to increase support for the extremely impoverished areas

The Bank channeled more policy support to the "Three Regions and Three Prefectures". We continued strengthening the cooperation between the Head Office and branches, and between departments so as to create a synergy needed by the poverty alleviation through finance. Specifically, we focused on supporting the "Three Regions and Three Prefectures" in developing their advantageous and distinctive industries, and increased the supply of various loans constantly. As at the end of 2020, the growth rate of loans in the "Three Regions and Three Prefectures" stood at 51% compared with the prior year-end, 35 percentage points higher than the growth rate of loans in related provinces.

As at the end of 2020
The balance of financial targeted poverty alleviation loans reached RMB 100,521 million
Up by RMB 18,065 million compared with the prior year-end
The balance of personal targeted poverty alleviation loans stood at RMB 56,248 million
Up by RMB 7,657 million from the prior year-end
The balance of loans on targeted poverty alleviation through the development of local industries hit RMB 30,941 million
Up by RMB 6,333 million compared with the prior year-end
The balance of loans on targeted poverty alleviation through projects totaled RMB 13,332 million
Up by RMB 4,576 million compared with the prior year-end



Promoting the effective connection between poverty alleviation and rural revitalization

The Bank will implement the requirements put forth by the CPC Central Committee to realize the effective connection between the consolidation of poverty alleviation results and the rural revitalization during the 14th Five-Year Plan period. To this end, we will continue to firmly serve the Sannong customers, strictly implement the policy for "persistence in four terms", and focus on ensuring "two maintenances and three enhancements", in an effort to help rural residents lead a better life.

Maintaining the existing support for poverty alleviation through the development of local industries. To support the development of local industries with finance, the Bank combines the valuable experience from the practice of poverty alleviation through the development of local industries with the sustainable development of the rural revitalization strategy, so as to consolidate the results of poverty alleviation with "industrial prosperity".

Maintaining the existing policies on poverty alleviation. The Bank integrates the supporting policies for financial poverty alleviation and inclusive finance, and guarantees the continuity of policy support, performance appraisal, supervision and evaluation, ensuring that the established

policies remain unchanged and the support remains undiminished.

Enhancing the product support for the people already lifted out of poverty. The supply of micro loans for poverty alleviation will continue, so as to consolidate achievements in poverty alleviation. Besides, we will develop a rural credit system, where micro loans for farmer households will be rolled out in place of micro credit for poverty alleviation, so as to provide rural population with continuous funding support.

Enhancing technological empowerment of financial services. Applying advanced technologies such as big data and artificial intelligence (AI), the Bank will develop online business with intensified efforts, make online services available in a wider range and at a faster speed, and enable more rural residents to have access to financial services without leaving their homes.

Enhancing the training and building of talent teams. The Bank will improve the training and incentive mechanism, and build professional pro-agriculture teams, so as to raise financial service standards in rural areas.



Account managers went to the countryside to conduct pre-loan investigation



Three PSBC employees were awarded the title of "National Role Models in Poverty Alleviation"

On the National Poverty Alleviation Summary and Commendation Conference, three PSBC employees won the title of "National Role Models in Poverty Alleviation". They were Luo Mingyuan, First Secretary of Shanghua Village, Gaoniang Town, Tianzhu County, Guizhou Province and Business Director of PSBC Taijiang County Sub-branch; Yang Zhenghai, Accountant at PSBC Pu'er Branch of Yunnan Province; and Tashi Naowu, First Secretary of Nianzha Village, Xiadawu Township, Maqin County, Qinghai Province and Head of PSBC Banma County Sub-branch in Guoluo Tibetan Autonomous Prefecture.

At the beginning of 2016, Luo Mingyuan, an employee of PSBC Tianzhu County Branch in Qiandongnan Miao and Dong Autonomous Prefecture of Guizhou Province, came to Shanghua Village, Gaoniang Town, Tianzhu County to serve as the first secretary of the village. Over the past five years, Luo took root in the battlefield of poverty alleviation. He led 1,033 people from 248 registered poor households of the village out of poverty, and let the poverty-stricken village take a new look. What he had done was to blaze a new trail for local villagers to shake off poverty and lead a better life. Luo, therefore, won a host of honors such as the "Role Model of the Province in Fighting Poverty with Finance", the "May 1st Labor Medal of Guizhou Province" and "PSBC Model Employee in Poverty Alleviation".

From 2015 to 2018, Yang Zhenghai, an accountant at

PSBC Pu'er Branch of Yunnan Province, was dispatched to Qiangang Village, Mengban Township, Jinggu County, Pu'er City, where he served as an instructor for new rural construction and the first secretary of the village successively. He was committed to helping local villagers improve their production and living conditions, by vigorously promoting the development of local industries and infrastructure construction and lifting villagers out of poverty. At the end of 2018, all households of Qiangang Village were lifted out of poverty. In 2019, the per capita income of the villagers exceeded RMB10,000. Yang, therefore, won an array of honors such as the "Role Model Stationed in the Village for Poverty Alleviation" by the Party Committee and Government of Jinggu County as well as the "PSBC Role Model in Poverty Alleviation" and the "Model Party Member" by PSBC Yunnan Branch.

In April 2018, PSBC Sub-branch in Guoluo Tibetan Autonomous Prefecture, Qinghai Province sent Tashi Naowu, who spoke both Tibetan and mandarin, to Nianzha Village, Xiadawu Township, Maqin County, where he engaged in poverty alleviation work as the first secretary in the village. Tashi Naowu successfully implemented at the village the innovative micro credit mode for poverty alleviation which featured "joint action of primary-level Party organizations and bank outlets + the first secretary stationed in the village". As at the end of 2020, Tashi Naowu participated in the provision of more than 930 micro loans for poverty alleviation with a total amount exceeding RMB19 million. Owing to his contributions in the critical battle against poverty, Tashi Naowu was awarded as the "Role Model in Poverty Alleviation of 2019" by the Party Committee and Government of Qinghai Province and the "Role Model in Poverty Alleviation" by PSBC.

They devoted themselves to helping poor people lead a better life. Through them, one could gain a glimpse into what PSBC has contributed to the complete victory over the critical battle against poverty.



Luo Mingyuan (second from left) explained financial poverty alleviation policy to villagers

Feature Story |

Going all out to fight against the pandemic, thoroughly implementing the requirements for ensuring stability on six fronts and security in six areas

Since the outbreak of the COVID-19 pandemic, the Chinese people have worked as one and built a strong line of defense against the pandemic. Through overall planning and coordinated implementation, the Chinese economy has maintained stable and is getting better, and the order of production and life has steadily recovered. The Bank has earnestly implemented the decisions and plans set out by the CPC Central Committee and the State Council as well as the relevant requirements put forth by regulatory authorities. We prioritized providing comprehensive financial services to meet financial needs arising from the fields of pandemic response. Focusing on Sannong, small and micro-sized enterprises and other key areas as well as major national strategies, we ramped up support for the real economy and spared no effort to ensure stability on six fronts and security in six areas.



The Bank vigorously implemented the policy of the People's Bank of China (PBOC) on central bank lending for pandemic control. We accumulatively granted central bank lending of RMB8,944 million to 706 companies on the list of key enterprises engaged in pandemic control, and loans of more than RMB100 billion to companies related to pandemic response.

The Bank issued inter-bank deposit certificates for pandemic control, invested in special government bonds, COVID-19 bonds, special asset-backed securitization products and Hubei local government bonds, and provided custodian services for anti-pandemic-themed asset management products. We took an active part in the pandemic fight with financial strength. The related businesses amounted to RMB61.99 billion.

The Bank actively worked with various institutions at all levels, such as disease control and prevention departments, Red Cross agencies, charity organizations and medical institutions. By setting up fast tracks for registration and account opening, we continued to help hospitals improve their ability to deliver convenient payment services and charity organizations enrich their channels to receive donations. A total of 156 new accounts were opened for the Red Cross agencies, charity societies, health administration bureaus and coronavirus prevention and control offices. Besides, we made donations worth approximately RMB51,093,400, in both cash and kind, to fight the virus throughout the year.

Following the principle of "handling special and urgent cases with special methods", the Bank made a series of deployments, which included delegating to branches more authorization for credit and pricing approval, streamlining procedures for loan approval and disbursement, putting in place special credit mechanisms, and promoting parallel operations, so as to increase the efficiency of loan applications and cut down on interest rates of such loans.



The Bank put in place a bank-wide fast operating mechanism through which the Head Office, branches and sub-branches as well as front, middle and back offices were able to take joint action for moving fast and achieving the following: the information transmission was free of obstacle, policies were implemented correctly, and loan approval flow ran smoothly. Thanks to the mechanism, we could extend credit for pandemic response without any delay.

The Bank tried to cover all sorts of enterprises engaged in pandemic response. In addition to the list of national key enterprises for pandemic prevention and control, we also assembled our own list of key anti-pandemic

enterprises, and tailored concessional loan policies for large and medium-sized enterprises, micro and small-sized enterprises, Sannong customers, and self-employed individuals separately. By doing so, we provided funding support for various kinds of enterprises related to pandemic control.

The Bank strictly implemented the requirements of the PBOC to ensure that the recipients of central bank lending support could be expanded to the lists of local enterprises, and new policies such as "one bank for one company" could be implemented as soon as possible.

Doing PSBC's part in implementing the requirements to ensure stability on six fronts and security in six areas

The Bank issued the Notice on Focusing on the Task to Ensure Stability on Six Fronts and Security in Six Areas and Further Improving Financial Services for Small and Micro-sized Enterprises. Centering on many aspects of work such as increasing credit support, reducing financing costs, providing assistance for those in need and promoting online financing, we supported small and micro-sized enterprises in overcoming difficulties and developing steadily, and went all out to stabilize employment and support market entities. The Bank actively implemented the temporary policy of delaying the repayment of principal and interest for micro, small, and medium enterprises. As to the small and micro-sized enterprises severely affected by the pandemic, we devised differentiated policies for them and took initiative to contact them. On the premise of paying attention to the substantive risks of customers, we made rational adjustments to their principal repayment and interest payment arrangements, which included loan extension or renewal, with a view to helping them out of difficulties. Instead of recovering ahead of maturity, cutting, or reducing credit lines without considering their difficulties, we tried to extend the inclusive loans granted to small and micro-sized enterprises as far as possible. As at the end of 2020, the total amount of inclusive loans to small and micro-sized enterprises with their principal and interest repayments deferred exceeded RMB45.0 billion. The Bank vigorously promoted online products, such as "Easy SME Loan" and "Speedy Micro Loan" as well as online loan disbursement functions to meet the financial service needs of small and micro-sized enterprises even without leaving their business premise. As at the end of 2020, the Bank provided over 2,000 small and micro-sized enterprises with loans for COVID-19 prevention and control worth over RMB12.0 billion.

As at the end of 2020
The total amount of inclusive loans to small and micro-sized enterprises with their principal and interest repayments deferred exceeded RMB 45.0 billion
The Bank provided over 2,000 small and micro-sized enterprises with the loans for COVID-19 prevention and control worth over RMB 12.0 billion



A credit account manager visited small and micro enterprises



Account managers of PSBC Xinxiang Branch in Henan Province explained financial products to the head of a protective door manufacturing enterprise

The Bank issued the Notice on Providing Proper Consumer Credit-related Financial Services amid the COVID-19 Pandemic Control to underpin the development of consumer finance during the period of virus containment. With respect to policy support, we offered consumer credit services at preferential interest rates to the medical staff and other personnel who worked on the front line of the pandemic response. For people who were hospitalized or isolated due to COVID-19, those who participated in pandemic prevention and control, those who were required to be isolated and observed for the purpose of pandemic prevention and control and those who temporarily had no source of income due to the pandemic, we allowed them to postpone their repayments up to six months, and protected their credit records from being affected therefore. As at the end of 2020, over 10,000 applications for repayment deferral were filed across the Bank, amounting to more than RMB5.0 billion. We particularly optimized business flows in response to the special period, so that business applications could be accepted via video, and investigations be carried out remotely, thus fully leveraging the supporting role of finance. The conditional approval, which required the advance review of electronic materials and the subsequent submission of paper materials, enabled the Bank to guarantee the business continuity under special circumstances and provide customers with high-quality services.

On the premise of carrying out proper risk assessment, the Bank rolled out targeted measures which allowed small and micro-sized enterprises severely affected by the pandemic to defer their loan repayment. At the same time, we assessed the substantive risks of loan repayment deferrals. In the process, focus was given to four aspects: key industries, key institutions, key customer groups, and key timing. Particular attention went to the industries severely affected by the pandemic such as catering, accommodation, hospitality, travel agencies and foreign trade. Customers with risks were brought under the list-based management, varying policies were devised for different customers, and all customers were brought under monitoring. For the companies that featured good qualifications and

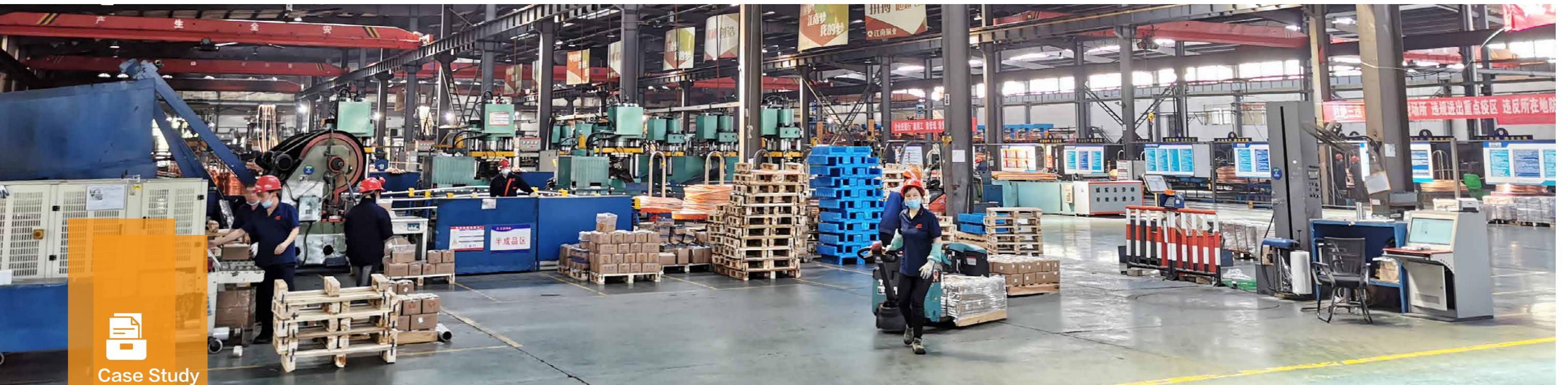
presented good prospects for recovery despite the periodic difficulties caused by the pandemic, the Bank decided not to downgrade their risk classifications. For the next step, the Bank will continue to closely monitor the risk status of loans granted to small and micro-sized enterprises, so as to gain a full picture, carry out accurate classification, and set aside adequate provisions. The Bank will scientifically evaluate the risk situation after the policy for loan repayment deferral expires, and devise different policies for each customer to mitigate risks.

The Bank has always regarded "asset quality" as the "lifeline" of its development. We will continue to strengthen comprehensive risk management, screen risks thoroughly on all fronts, strengthen risk monitoring and defusion during the pandemic, and carry out forward-looking impairment provisions to enhance risk resistance. As at the end of 2020, the NPL ratio of the Bank stood at 0.88%. Even though all loans overdue for more than 60 days were classified as NPLs, PSBC still saw its NPL ratio below half of the industry average.

As at the end of 2020

Over 10,000 applications for repayment deferral were filed across the Bank, amounting to **more than RMB 5.0** billion

The NPL ratio of the Bank **stood at 0.88 %**



Case Study

Reaching "bank-government" cooperation to help small and micro-sized enterprises develop stably



bank-government

"The fund really helped us meet urgent needs," said the person in charge of HWS Information Technology Co., Ltd. based in Chengdu, Sichuan Province. PSBC Renmin North Road Sub-branch in Chengdu City, Sichuan Province learned about the company's temporary fund shortage through the platform and data provided by the Sichuan Provincial Development and Reform Commission. With the online product "Easy Credit Loan", the sub-branch issued the unsecured loan for small businesses worth RMB400,000 to the company. "Easy Credit Loan" is a new type of financing product that PSBC Sichuan Branch developed along with Sichuan Provincial Development and Reform Commission to serve small and micro-sized enterprises by applying the Internet and big data technologies. By getting connected with the credit information platform of Sichuan and sharing data with it, the product could help enterprises activate their "credit assets", thus giving rise to a "bank-government" cooperation mode where small and micro-sized enterprise customers could carry out all operations online.



bank-guarantee

Reaching "bank-guarantee" cooperation to help small and micro-sized enterprises alleviate their financing problems

Zhuzhou Yindan Agricultural Products Co., Ltd. is an agricultural enterprise integrating such business lines as egg production, purchase, processing and sales. Informed of the company's fund and collateral shortage, PSBC Lukou District Sub-branch in Zhuzhou City, Hunan Province proactively reached it and worked with Hunan Agricultural Credit Financing Guarantee Co., Ltd. to tailor a financial service plan for the company. According to the plan, the sub-branch issued a "bank-guarantee" cooperation loan worth RMB2 million to the company, helping the latter tackle the problem in a timely manner.



bank-association

Reaching "bank-association" cooperation to support market entities

In Hubei, the Bank made every effort to support small and micro-sized enterprises in overcoming the impact of the pandemic and speeding up their recovery and development. PSBC Jingmen Branch in Hubei Province took action to contact and cooperate with multiple local associations, providing their small and micro-sized enterprise members with tailored financing plans. A variety of online and offline loan products, such as "E Fast Loan", "Speedy Micro Loan" and guaranteed loan for business startups, were offered to meet the financing needs of association members and boost the development of small and micro-sized enterprises. The Bank worked with these associations to support market entities together.



Responsibility Management

PSBC, with its historical accumulation over the past century, continues to fulfill social responsibilities and pursue sustainable development in a new era. We have integrated CSR into our development strategy, corporate governance, corporate culture and business process. We have actively communicated with stakeholders, advanced CSR management, carried out CSR practices, and responded to concerns. We are committed to working hand-in-hand with partners and striving to become a modern first-class commercial bank that is responsible, resilient and humane.

Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank has been seeking the increasingly close integration of Party leadership with

its corporate governance and the continuous optimization of its corporate governance framework and mechanism, so as to meet the operational requirements of both A-share and H-share markets. At the same time, we have constantly strengthened the development of the Board of Directors, allowed the Board of Supervisors to play a better supervisory role, and regulated duty performance of senior management members. We have also managed to improve our incentive & restraint mechanism and risk management mechanism, with the quality and efficiency of corporate governance further enhanced.

In 2020, the Corporate Culture Manual of the Postal Savings Bank of China came out. The Bank upholds the philosophy

Responsibility Management

of "working on the trivial work even others despise; working towards stability rather than big profit", which could be dated back to a century ago. From the very beginning, the commitment to "inclusiveness" and "stability" has been rooted in our DNA. Always bearing the big picture of social development in mind, we have been committed to inclusive and innovative development, and forged ahead along the path of serving the interests of Sannong customers, urban and rural residents, and SMEs. It is the long-standing trust of numerous customers that provides substantial impetus for our sustainable development.

In 2020, the Bank issued the Guidelines of Postal Savings Bank of China for CSR Work (Version 2020), and established the organizational structure covering the Board of Directors, the Social Responsibility and Consumer Rights Protection Committee of the Board of Directors, the Board of Supervisors, the Senior Management and the

working group for CSR management. Tier-1 branches, institutions directly under and departments of the Head Office, regional offices of the Audit Office of the Head Office, majority-owned subsidiaries and China Post Group's Financial Business Department serve as members of the working group for CSR management and implement CSR-related management based on their duties. The office of the working group, which is within the General Office of the Head Office, is responsible for overall planning and coordination of CSR management work.

Looking into the future, the Bank, as a leader and advocate of inclusive finance, will continue following the philosophy of "covering both urban and rural areas and delivering services to the broad masses" and our unique pathway to commercial sustainability, so as to do our part to help the Chinese people lead a better life with financial services.

A centennial of services, a full commitment to customers



In 1919

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

In 1930

Postal Savings and Remittance Bureau was established. Since the start, postal savings business had been adhering to the philosophy of "working on the trivial work even others despise; working towards stability rather than big profit", thus winning the fame of "Bank for the People" at that time.



In 1949

Postal Savings and Remittance Bureau was taken over by People's Post, and operated under the unified guidance of People's Bank of China.

In 1950, Postal Savings and Remittance Bureau was abolished, and the postal savings business transformed into agency services, collecting personal deposits and non-operating 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.



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 "selfoperated + agency" operation model in the banking industry of China.

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 the country.

In 1994, postal savings commenced the Green Card Program.

In 2001, postal savings was linked to the national banking network.



In 2012

Postal Savings Bank of China was transformed to a joint-stock limited liability company.

In 2015, the Bank introduced ten strategic investors from home and abroad.

PSBC Consumer Finance Co., Ltd. was established and open for business.



In 2016

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

In 2019

The Bank was formally classified as a major state-owned commercial bank and listed successfully on the Shanghai Stock Exchange.

PSBC Wealth Management Co., Ltd. was established and open for business.

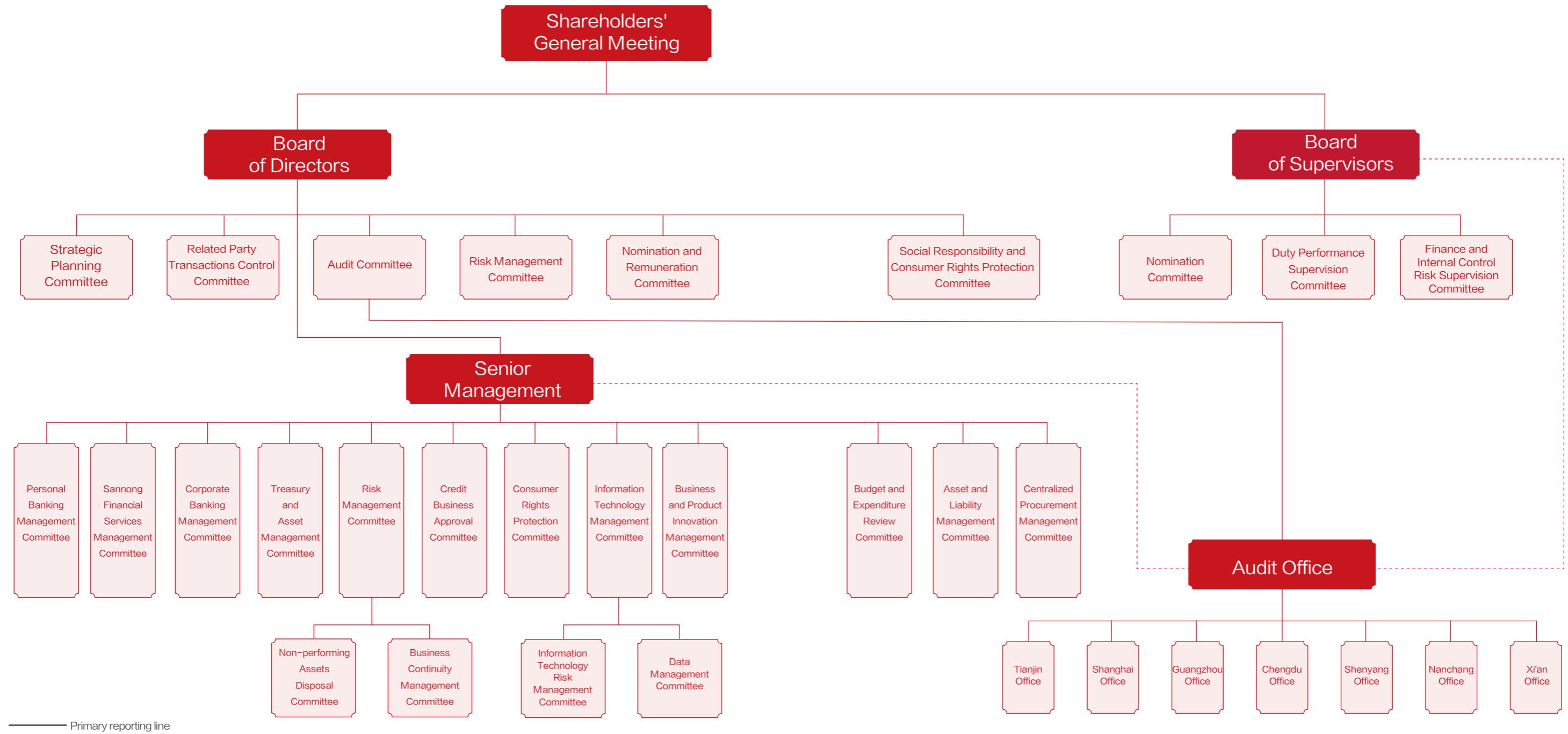


In 2020

The Bank obtained approval of establishment of PSBC online, making it the first major state-owned commercial bank to participate in the direct banking pilot program;

The Bank obtained approval of establishment of the Credit Card Center as a specialized institution.

Corporate governance structure



— Primary reporting line

- - - Secondary reporting line

Note: For more information on the corporate governance, please refer to the 2020 Annual Report of PSBC published on the Shanghai Stock Exchange, the Stock Exchange of Hong Kong Limited and the website of the Bank.

A glance at the corporate culture of PSBC

Mission	Vision	Values
To deliver accessible financial services in both urban and rural areas	Build a first-tier large retail bank which is trustworthy, distinctive, prudent, safe, innovative, and with remarkable value	Create value for customers Integrity is the foundation of development Prudence leads to sustainability Employees are our greatest asset Excellence comes through professionalism Embrace change and always innovate
Company Philosophies		
Management philosophy: Keep it simple and reduce administrative burden Operation philosophy: Gain first-mover advantage with market insights Risk philosophy: Prudence and compliance lead to stability, and risk control is the key to sustainable development Service philosophy: Pour our heart and soul into customer satisfaction Talent philosophy: Respect the value of employees, tap their potential, and bring them closer to their dreams Coordination philosophy: See the bigger picture, act with one mind, and make progress toward shared future		
Consensus of PSBCers		
<ol style="list-style-type: none"> Release concise documents, have meaningful meetings, and make straightforward communication. You are respected for your capacity to create value, not for your authority to dictate. Relationship shall facilitate cooperation, rather than being an excuse to break rules. Be practical rather than superficial, be down-to-earth rather than perfunctory. Dive into the market and get close to customers. It is all empty talk without field study. Discussion without a conclusion is a dereliction of duty. The front-line business cannot wait for endless discussions behind. An action is better than a dozen of plans. Do it right away and get the job well-done. Support each other and everyone has his or her stage. Lessen ineffective orders and streamline front-line business. The professional pathway can also lead to great career success. 		

Concept of CSR

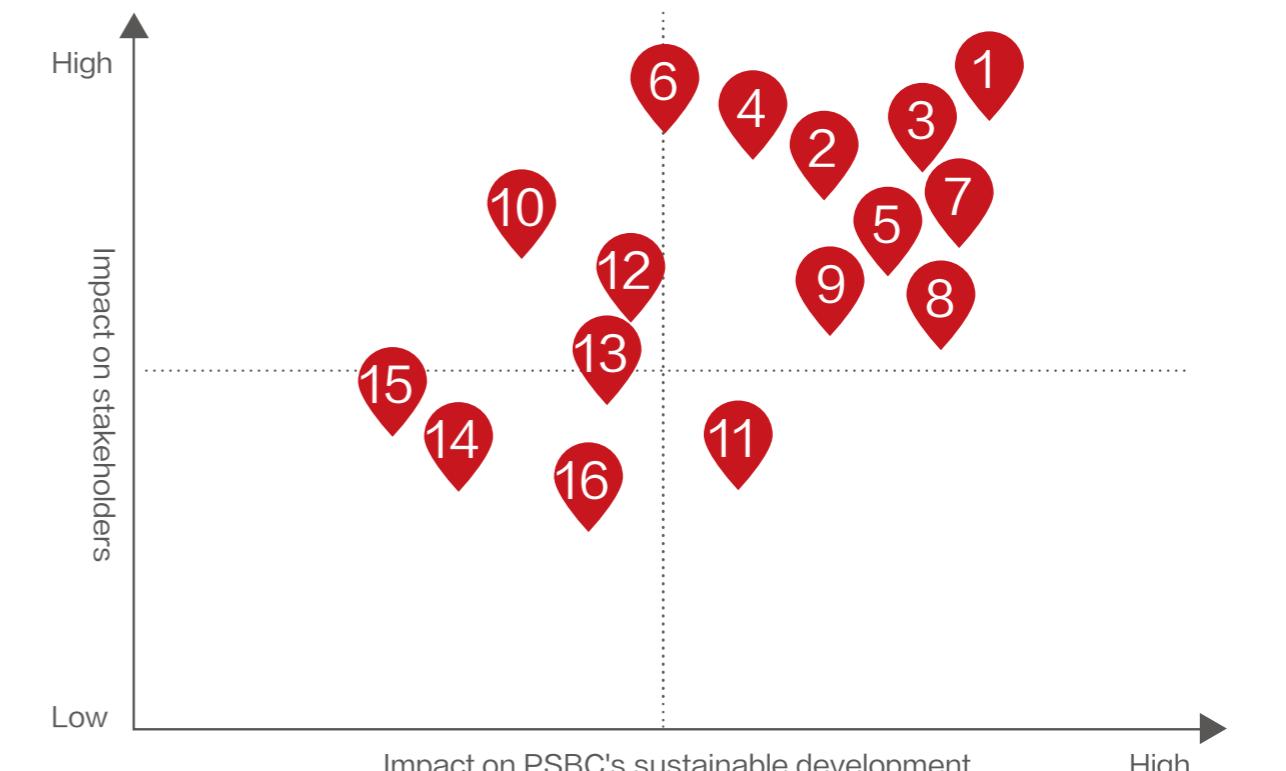


Stakeholder management

Stakeholders	Core expectations and appeals	Form of communication	Response measures
Government	<ul style="list-style-type: none"> Give full support to the fight against the pandemic Serve the three critical battles Serve the supply-side structural reform Serve the new development pattern in all respects Continue to advance reform and transformation 	<ul style="list-style-type: none"> Special-topic reporting Day-to-day communication 	<ul style="list-style-type: none"> Implement policies and guidelines Implement national strategies
Regulators	<ul style="list-style-type: none"> Run business according to laws and regulations Improve corporate governance Strengthen comprehensive risk management Step up efforts in anti-money laundering 	<ul style="list-style-type: none"> Reporting on work On-site inspection Off-site regulation Discussion at meetings 	<ul style="list-style-type: none"> Implement regulatory policies Improve corporate governance Strengthen internal control management
Shareholders / investors	<ul style="list-style-type: none"> Promote business development and improve profitability Strictly control ESG risks and ensure secure and stable operations Timely, accurate and comprehensive information disclosure 	<ul style="list-style-type: none"> Shareholders' General Meeting Announcements by the Board of Directors Periodical reports Results presentation Day-to-day communication 	<ul style="list-style-type: none"> Achieve stable operations Conduct comprehensive risk management Improve the transparency of information disclosure
Customers	<ul style="list-style-type: none"> Strengthen innovation in Fintech Accelerate innovation in financial products and services Protect consumers' rights and interests Expand service channels Continue to optimize the business process 	<ul style="list-style-type: none"> Physical channels and online platforms Satisfaction survey Training and roadshows 	<ul style="list-style-type: none"> Strengthen innovation in science and technology Strengthen consumer protection Improve customer experience
Partners	<ul style="list-style-type: none"> Be fair and transparent Develop mutual-benefit and win-win cooperation Promote industrial development Implement responsible procurement 	<ul style="list-style-type: none"> Business communication Industry seminars Information disclosure Supply-demand seminars 	<ul style="list-style-type: none"> Adhere to the principles of good faith and fair competition Improve purchase management
Employees	<ul style="list-style-type: none"> Safeguard employees' legal rights and interests Promote a fair and transparent talent recruitment mechanism Strengthen job skills training Enrich employees' sparetime life 	<ul style="list-style-type: none"> Employee representatives' meeting Employee survey Opinion collection and feedback 	<ul style="list-style-type: none"> Improve the talent cultivation system Care for employees' work and life Refine the banding structure and promotion mechanism
Public and media	<ul style="list-style-type: none"> Disclose information in a timely and objective manner Ensure smooth communication and response Jointly build harmonious communities 	<ul style="list-style-type: none"> Official website Weibo, WeChat and other platforms Education on financial knowledge Media interview 	<ul style="list-style-type: none"> Educate the public on financial knowledge Carry out charity activities Participate in community construction
Environment	<ul style="list-style-type: none"> Actively address climate challenges Promote the development of the green financial system Improve ESG risk management Support the development of green, low-carbon economy 	<ul style="list-style-type: none"> Information disclosure Publicity of green finance 	<ul style="list-style-type: none"> Strengthen ESG risk management Develop new green financial products and services Develop green offices Implement green procurement

Matrix of substantive issues

In 2020, the Bank continued to communicate and cooperate with important stakeholders like government agencies, regulators, shareholders, institutional investors, employees, professional agencies, academic institutions, and media outlets. With major changes in macro environments considered holistically, "global public health events" and "climate change responses" were added as two other important ESG issues to be disclosed in the report in detail.



① Fighting against COVID-19	② Responding to climate change	③ Practicing inclusive finance	④ Supporting the real economy
⑤ Developing financial technology	⑥ Protecting consumers' rights and interests	⑦ Strengthening risk control	⑧ Improving corporate governance
⑨ Improving shareholders' return	⑩ Operating in compliance with laws and regulations	⑪ Enhancing employees' capabilities for career development	⑫ Innovating products and services
⑬ Protecting employees' rights and interests	⑭ Implementing green and low-carbon operations	⑮ Implementing responsible procurement	⑯ Conducting public welfare activities



Pooling Resources to Empower Economic Development



Responsibility Practice |
Pooling Resources to Empower Economic
Development



Implementing national strategies



The Bank took "serving the real economy" as one of its primary missions. To facilitate the implementation of major national strategies, we vigorously adjusted credit policies to highly align our business development with industrial restructuring and the regional economic development initiative of the state. Geographically, we supported the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze River Economic Belt, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area"), the

integrated development of the Yangtze River Delta, the construction of the Hainan Free Trade Port, and the high-standard and high-quality construction of the Xiongan New Area. In terms of industrial layout, we worked hard to serve the real economy, expedited the industrial transformation and upgrading, increased credit supply in the "new infrastructure and new urbanization initiatives as well as major projects", and constantly optimized financial services for strategic emerging industries. As at the end of 2020, the balance of the Bank's corporate loans reached RMB1.98

trillion, representing an increase of RMB237,221 million or 13.63% compared with the prior year-end.

To serve the implementation of the Belt and Road Initiative ("the BRI"), the Bank formulated policies to coordinate COVID-19 control and business development as a whole, made system improvement for trade facilitation, raised risk control standards through the enhanced cooperation with financial peers, and expanded the scope of collaboration with China Customs, China Export & Credit Insurance

Corporation (SINOSURE), and others. During the reporting period, we provided over USD4 billion of financing in support of the BRI, and participated in 14 BRI projects which totaled over USD1.5 billion.

Serving the coordinated development of the Beijing–Tianjin–Hebei region

The Bank continued to shore up support in key fields such as green transportation, manufacturing, and clean energy, with a view to fueling the development of the new economic circle around the capital. As at the end of 2020, the corporate loans we had granted to the companies based in Beijing, Tianjin and Hebei totaled RMB165,827 million, with the balance of such loans hitting RMB199,666 million.



Serving the development of the Yangtze River Economic Belt

The Bank focused on such fields as new energy, modern agriculture, and environmental protection, paid great attention to the environmental and social benefits of financing projects, and supported innovative, green and coordinated development of the Yangtze River Economic Belt.



Supporting construction of major transportation projects

In 2020, Tianjin Branch participated in the public–private partnership (PPP) project for the coordinated development of the Beijing–Tianjin–Hebei Region, to provide financing service for the Tianjinxi Section project of the Tianjin–Shijiazhuang Expressway. On December 22, 2020, as a major transportation project for the coordinated development of the Beijing–Tianjin–Hebei Region, the Tianjin–Shijiazhuang Expressway was officially opened for traffic in two ways. The drive from Nangang to Shijiazhuang will be reduced by nearly 2 hours, and that from Binhai New Area to Xiongan New Area by 1.5 hours.



Financing the construction of the world's longest-span floating power plant

The Bank lent RMB355 million to the 100MW photovoltaic power generation project across the Beigangchang River in Hunan Province. The project got connected to the grid for power generation in January 2020. It was the world's longest floating power plant, and the launch marked a breakthrough of Hunan Province in large floating photovoltaic projects.

It is estimated that the project is expected to generate 125 million kilowatt-hours of on-grid electricity per year. Compared with thermal power generation, it can save 40,000 tons of standard coal equivalent, reduce 721 tons of sulfur dioxide emissions, 1,083 tons of nitrogen oxide emissions, and 100,000 tons of carbon dioxide emissions, and conserve 540,000 tons of water. Aside from clean electricity, the project also yields tremendous benefits in four other fields including fishery, tourism, environmental protection, and taxation. In a word, it gives a great boost to the coordinated development of local economy and environment.

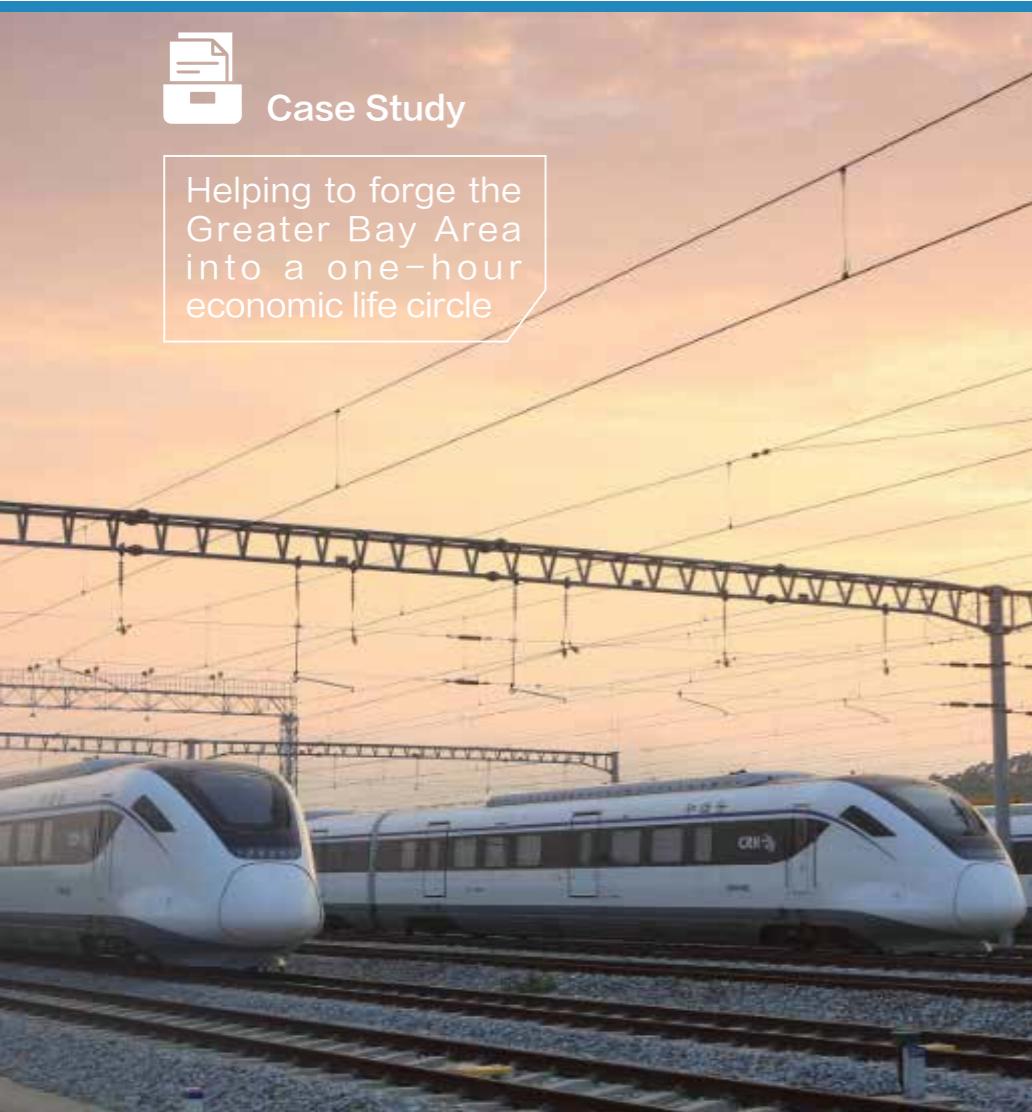
Serving the construction of the Guangdong–Hong Kong–Macao Greater Bay Area

The Bank continued to come up with innovative financing modes. Through an integrated operation mode that combined investment banking, commercial banking and asset management together, we were able to provide companies with tailor-made financial service solutions as a move to meet their financing needs and facilitate the Greater Bay Area's further reform and opening-up.



Case Study

Helping to forge the Greater Bay Area into a one-hour economic life circle



On November 30, 2020, the Guangzhou East Ring Intercity Railway (from Huadu Station to Baiyun Airport North Station) went into operation ahead of other parts of the Xintang–Baiyun Airport–Guangzhou North (XinBaiGuang) Intercity Railway in Guangdong Province. This was of great significance in the following three aspects—the construction of Guangzhou into an international comprehensive transportation hub, the economic integration of the Pearl River Delta and the Greater Bay Area, and the formation of a world-class city cluster in the Pearl River Delta.

As one of the co-lead banks for the syndicated loan of the aforesaid railway project, PSBC Guangzhou Branch of Guangdong Province granted loans of RMB1.25 billion to the project as at the end of 2020, effectively helping to build the Greater Bay Area into a one-hour economic life circle.

Serving the integrated development of the Yangtze River Delta

In December 2020, the Bank convened a meeting themed on supporting the integrated development of the Yangtze River Delta in Nanjing City, Jiangsu Province, which clearly pointed out that financial support would be increased from the following four dimensions to propel the Yangtze River Delta towards high-quality and integrated development.



To fulfill the mission of serving national strategies, we would take the initiative to play the leading and driving role of a major state-owned bank in serving the regional development strategy of the state.



To undertake the duties of serving the real economy, we would fully implement the arrangements set out in the Outline of the Yangtze River Delta Integrated Development Plan, by increasing financial support for high-quality manufacturing enterprises and medium, small, and micro-sized inclusive enterprises in the region.



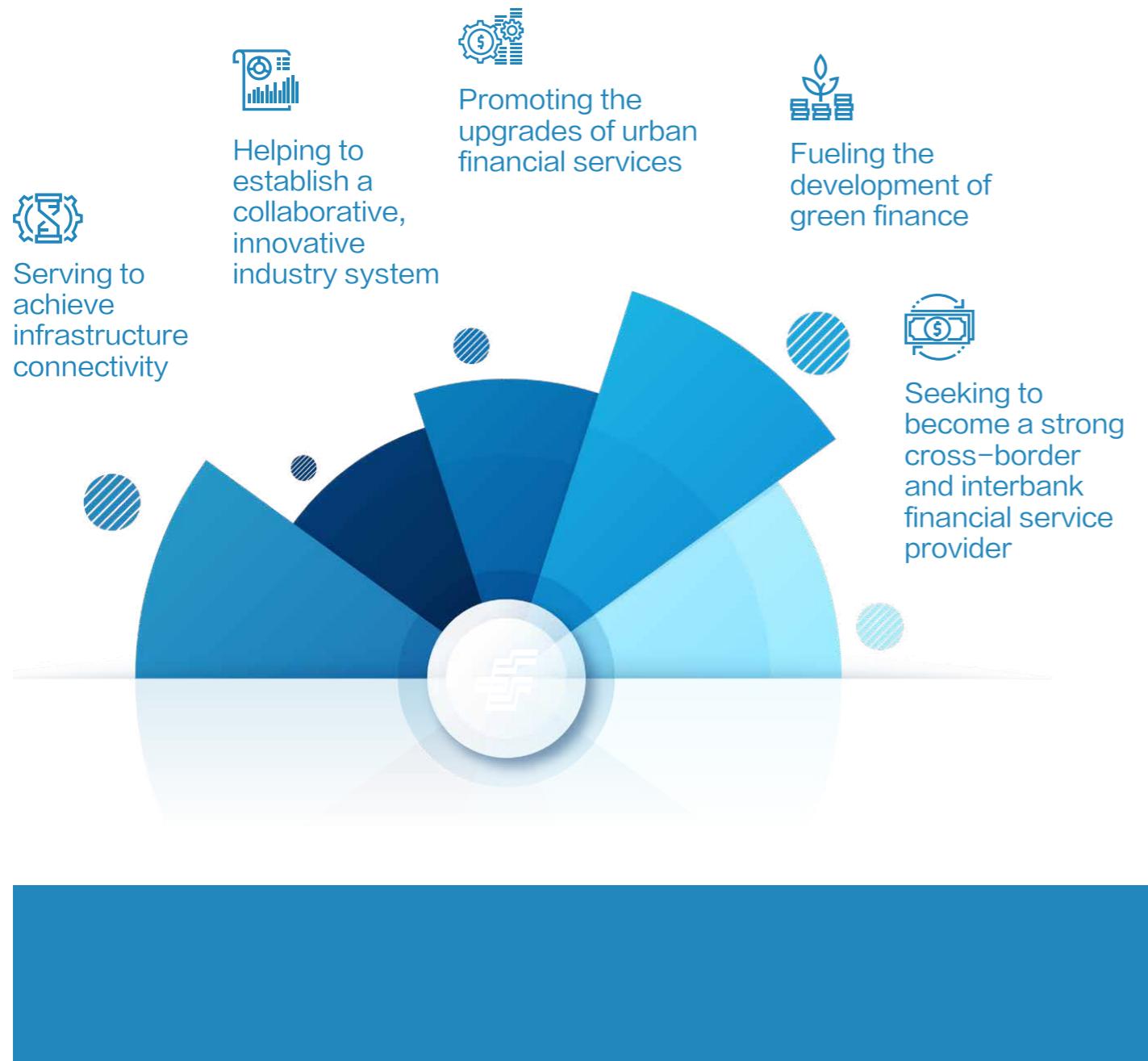
To assume the responsibilities for improving people's livelihood, we would proceed from the actual needs of residents in the Yangtze River Delta to develop multiple business scenarios, new business forms, and innovative business cooperation models, all of which are expected to deliver higher-quality financial service experiences.



To leverage our advantages in outlets, organization, technology, and information, we would support the construction of beautiful towns and villages, and strive to become a pioneer and advocate for the development of green finance in the Yangtze River Delta.



The Bank released an action plan in support of the integrated development of the Yangtze River Delta



Case Study

Promoting the integration of the Yangtze River Delta in a joint effort

PSBC Jiangsu Branch continued to enhance strategic government–bank cooperation, so that they could jointly create a blessed business environment in the region. It signed strategic cooperation agreements with the governments of eight prefectural cities, including Wuxi, Xuzhou, Changzhou, Yangzhou, Taizhou, Zhenjiang, Suqian and Lianyungang. These agreements amounted to RMB380 billion in total. The branch actively supported the formation of a grand transportation network in the Yangtze River Delta,

with its credit resources channeled to such key fields as railway, highway, and urban rail transportation. It, therefore, enabled the regional integration strategy to take root in Jiangsu. As at the end of 2020, the branch granted credit worth over RMB68.4 billion to a total of 34 local projects.

PSBC Anhui Branch released the Action Plan on Support of the Integrated Development of the Yangtze River Delta. In the plan, it set out 25 key tasks and rolled out the action goals and work measures for 2021–2023. Besides, it pointed out key areas, and optimized the credit structure. As at the end of 2020, the branch granted loans totaling RMB11.8 billion to key projects and backbone enterprises in the fields of grand transportation, energy, and manufacturing, which accounted for 56.20% of the total corporate loans of the branch. In doing so, it tried to turn the blueprint for the integrated development of Yangtze River Delta into a reality with its financial strength.

As at the end of 2020

PSBC Jiangsu Branch
granted credit worth
over RMB 68.4 billion
to a total of **34** local projects

PSBC Anhui Branch granted loans
totaling RMB 11.8 billion
to key projects and backbone
enterprises in the fields of grand
transportation, energy, and manufacturing,
which accounted for **56.20%**
of the total corporate loans of the branch



Serving the construction of Hainan Free Trade Port

The Bank strengthened its financial support and extended more loans to such real economy sectors as infrastructure construction, private businesses, and small and micro-sized enterprises, in an effort to serve the construction of Hainan Free Trade Port. As at the end of 2020, the balance of PSBC Hainan Branch's corporate loans totaled RMB8,803 million, of which the balance of inclusive loans to small and micro-sized enterprises was RMB5,869 million.



PSBC supported the construction of Hainan Free Trade Port

To further implement the requirements for establishing a system of multi-functional free trade accounts through reform and innovative measures, the Head Office and Hainan Branch co-formed a special project team which was tasked to build a separate accounting system for Hainan Free Trade Port at a steady pace. Upon its launch, the system will further improve the existing service methods and provide greater services to underpin the construction of the free trade port.

As at the end of 2020

The balance of PSBC Hainan Branch's corporate loans totaled RMB **8,803** million

And the balance of its inclusive loans to small and micro-sized enterprises

was RMB **5,869** million

Serving the construction of Xiongan New Area

In 2020, the Bank released the Notice on Further Supporting the Construction of Xiongan New Area in Hebei Province. According to the notice, we would go all out to facilitate the construction of Xiongan from such spheres as product innovation, credit support, enhanced coordination, as well as supports and guarantees. As at the end of 2020, our credit newly extended to such projects as Beijing-Xiongan Intercity Railway, National Reserve Forest Base, Garbage Disposal Transition Facilities, Xiongan Business Service Center, South-to-North Water Transfer Reservoir Waste Residue Utilization Project amounted to RMB27,918 million, of which RMB756 million were corporate loans for key projects (including corporate overdraft).

Keenly aware of Xiongan's development positioning, PSBC Hebei Branch pursued an approach that required the joint action from the Head Office, branches, and sub-branches. Driven by a strategy of innovative development, the branch was dedicated to rendering Xiongan with a full range of comprehensive financial services in a host of key areas such as infrastructure construction, construction of the "digital, smart Xiongan New Area", improvement of people's livelihood, and ecological progress. As at the end of 2020, PSBC Xiongan Branch extended credit of RMB117.7 billion to customers, and PSBC Hebei Branch provided financing support to China Xiongan Group, Xiongan Business Service Center, etc., with the balance of corporate loans amounting to RMB1,492 million.

As at the end of 2020

Our credit newly extended to key projects in Xiongan New Area amounted to

RMB 27,918 million

PSBC Xiongan Branch extended credit of

RMB 117.7 billion to customers

PSBC Hebei Branch provided financing support to China Xiongan Group, Xiongan Business Service Center, etc., with the balance of corporate loans amounting to

RMB 1,492 million

Facilitating economic transformation



The Bank closely kept up with the trend of intelligent and digitized manufacturing development. We provided bond investment services for the high-quality manufacturing enterprises that were aligned with national industrial planning, direction of technological transformation, and trend of consumption upgrading. By doing so, we firmly supported the manufacturing industry in achieving high-quality development. As at the end of 2020, the balance of the Bank's investment in RMB-denominated bonds issued by aerospace, shipbuilding, automobile making and other manufacturing companies was RMB6,955 million.

At the same time, the Bank set eyes on the new infrastructure enterprises with great creativity and high

growth potential. We ramped up investment in the fields of "new technologies, new economies, new models, and new forms" represented by 5G, industrial Internet, and artificial intelligence. These efforts were aimed to improve a full range of financial services for the new infrastructure construction and fuel the transformation and upgrading of the real economy.

As at the end of 2020, the Bank held RMB-denominated bonds worth RMB61,106 million issued by companies in the fields of transportation and telecommunications, radio, television and satellite transmission services, and bonds totaling RMB800 million issued by software and information technology (IT) service companies.

Further propelling the manufacturing sector towards high-quality development

In 2020, the Bank released the Notice on Further Promoting the High-quality Development of the Manufacturing Industry with Financial Support. The notice not only set out the guidelines, basic principles, and development goals for the Bank in this regard, but also rolled out 20 specific measures regarding specifying priorities of support, broadening service channels, accelerating product and service innovation, mobilizing more resources, and bringing risks under efficient control. With the notice, we further improved the long-standing mechanism in favor of the development of the manufacturing industry and helped the sector elevate the capacity for high-quality development. As at the end of 2020, the balance of the Bank's loans granted to the manufacturing sector amounted to RMB312,480 million, representing an increase of RMB39,406 million or 14.43% compared with the prior year-end.



PSBC Fujian Branch stepped up efforts to support new energy companies



Credit account managers paid a post-lending visit to a textile machine manufacturer

Shoring up comprehensive financial services in the field of "new infrastructure"

In 2020, the Bank released the Comprehensive Plan of Postal Savings Bank of China for "New Infrastructure". As instructed by the plan, core customers in the sector would be brought under the list-based management, and differentiated service strategies be rolled out for different segments of the sector, so that the quality and efficiency of services in the sector could be further assured. Besides, new products or portfolios of debt financing, equity financing, cash management, cross-border investment and financing and supply chain finance were launched to meet a variety of needs raised by customers in the "new infrastructure" sector. Given that the core customers of the industry chain could exert a considerable influence on their upstream and downstream enterprises, the Bank customized supply chain-based service plans for them in an effort to extend the business chain serving the field of "new infrastructure".

The "new infrastructure" sector directly concerns the national economy and people's livelihood, for it involves large-scale investment and new-type consumption, and serves the interests of both producers and consumers. It, therefore, provides the fertile soil where new business forms and models can take root. For the next step, the Bank will continue to increase its support for the sector. Specifically, a continuous stream of innovative products and services will be unveiled, in a bid to add more momentum for the sector in its future development.

to develop innovative and featured financial products, explore how intellectual property pledges could be used for credit enhancement, and continuously provide more financial services for small and medium-sized technological enterprises.

For the next step, the Bank and the MOST will continue opening more diversified financing channels to fund the major scientific and technological innovation projects at both national and local levels. To leverage the advantages unique to the policy maker and the financial service provider, the two will render high-tech companies and small and medium-sized technological enterprises with "knowledge transfer + financing" support. The two will team up to support the development of various science and technology parks, including national innovation demonstration zones, national high-tech industrial development zones, and national high-tech agricultural demonstration zones. At the same time, the two will boost scientific and technological innovation at the county level and enhance financial support for better allocation and more efficient use of technological resources in counties. In addition, the two will explore how to reform and innovate financial services to support technology development, allow policies to play a better guiding and coordinating role, and establish a diversified and multi-level technology-oriented financing system at a faster pace, thus providing strong financial support for the technological innovation initiative.



Strengthening cooperation between technology and finance

In 2020, the Ministry of Science and Technology of China ("the MOST") and the Bank co-released the Notice on Strengthening Cooperation between Technology and Finance, which required establishing a multi-level contact and cooperation mechanism, improving the policies on technological innovation input and financial technology, and further enhancing the profound integration of technology and finance.

The Bank targeted its specialized marketing efforts at the enterprises on the list of key projects that the MOST assembled in support of economic development with technology in 2020. The Bank vigorously promoted unsecured loan products such as "Technology Credit Loan", "Easy SME Loan", and "Credit Easy Loan" as well as standardized quick products including "Mortgage Easy Loan" and "Quick Loan". Branches were encouraged



Case Study

Serving the construction of a big data center

The accelerated development of 5G, Industrial Internet, and AI has spawned massive data and applications. The process cannot happen without the support of big data centers. The Southeast Healthcare Big Data Center (SHBDC) in Fujian Province is one of the national big data centers in the healthcare field, and also a new infrastructure project the province has cast as a flagship brand.

The Bank established a mechanism where the Head Office and branches could carry out business with joint efforts, and extended RMB300 million in credit for the SHBDC project. After the project is completed and put into use, it is expected to accommodate the infrastructure facilities necessary for the collection, development, and application of health and medical data from nearly 200 million population in Fujian and surrounding provinces. With the data of population cohorts at the 10-million-person level available for precision healthcare, the project is well poised to provide the massive storage and big data analysis services for such emerging industries as clinical research, gene sequencing, new drug research and development (R&D), and health management.

Developing Inclusive Finance to Improve People's Well-being



Developing
Inclusive
Finance to
Improve
People's
Well-being



Responsibility
Practice



Serving the rural revitalization

The Bank conscientiously acted on various decisions and plans of the CPC Central Committee and the State Council on pushing forward the rural revitalization strategy, and did more in studying, planning for, and supervising how to facilitate the rural revitalization and poverty alleviation initiatives. We focused on key areas and key service targets for rural revitalization, strengthened credit support, optimized product and service modes, and steadily promoted the establishment of a coordinated ecosystem to agricultural development, with a view to serving the strategy of rural revitalization on all fronts. As at the end of 2020, the balance of the Bank's agriculture-related loans reached RM1.41 trillion, representing an increase of RMB149,676 million from the end of the previous year.



Going to a plantation to learn about the production and sales of the family farm

Strengthening organizational adjustments to build up momentum for further development

The Bank further pushed forward the reform of the Sannong Finance Department, by adjusting and optimizing its organizational structure and responsibilities in response to the new situation and new requirements. We increased the staffing of the Sannong Finance Department, and established a business review team on rural revitalization (targeted poverty alleviation), as two moves to boost the ability of serving the rural revitalization and poverty alleviation drives. Besides, we rolled out more credit policies and guidelines in favor of rural revitalization and targeted poverty alleviation, raised the NPL tolerance for agriculture-related loans and poverty alleviation loans appropriately, and issued the detailed implementation rules for due diligence and liability exemption with respect to agriculture-related and poverty alleviation loans. Furthermore, we worked harder to build a team of managerial personnel engaged in Sannong finance, guided branches to expand their account manager team, and intensified business training with an aim to enhance the professional competence of all staff.

As at the end of 2020

The balance of the Bank's agriculture-related loans reached
RMB **1.41** trillion
149,676 million
Up by RMB **149,676** million
from the end of the previous year

Technological empowerment to improve customer service efficiency

The Bank actively promoted the integration of traditional operations with advanced technologies. Underpinned by the cutting-edge technologies, we accelerated the development of inhouse Internet loans and vigorously developed the industry chain-based online loans in cooperation with core enterprises. Meanwhile, we went all out to promote the whole-process digital transformation of micro credit which was expanded via mobile devices. Via mobile devices, a host of technologies such as facial recognition, big data analysis and mobile positioning were used to digitize the whole process of micro credit including loan application, underwriting, disbursement, post-lending management and documentation. In this way, the original "counter service" was replaced by the present "doorstep service", allowing rural customers to enjoy financial services without leaving their homes. For the Bank, businesses were handled more efficiently, and customer experiences got further improved. As at the end of 2020, the number of micro loans disbursed online as a share of the Bank's total micro loan disbursements went up to 92.34%, and the net increase of online loans surged by 513.87% year-on-year.

As at the end of 2020

The number of micro loans disbursed online as a share of the Bank's total micro loan disbursements went up to
92.34%

The net increase of online loans surged by
513.87 % year-on-year



Increasing support in key areas of rural revitalization

The Bank continuously promoted the "Ten Business Modes" to support the implementation of the rural revitalization strategy, focusing on the key areas of the strategy, such as the supply of important agricultural products, building of beautiful countryside, circulation of rural commodities, and construction of rural infrastructure. We cemented cooperation with the National Agricultural Credit Guarantee System, enhanced the synergy between the wholesale and retail businesses, and continued to strengthen the partnerships with various platforms including core enterprises. We carried out a pilot program for online industrial chain loans, leading to a more mature service model where industrial enterprises were fully leveraged on. We accelerated the accumulation of transaction data via co-building of a trading system and promoted the "market + merchant" integrated financial services. In the area of rural environmental protection, we boosted the development of, for instance, waste incineration and sewage treatment industries.



Coordinating efforts to develop and upgrade rural revitalization services

The Bank worked with the China Post Group Corporation Limited to push forward the pro-agriculture cooperation projects. We, along with the Ministry of Agriculture and Rural Affairs, pooled together the data from various business segments of the China Post Group and government departments in efforts to provide customers with comprehensive service solutions that integrated finance, delivery and e-commerce. We were committed to effectively addressing the financing, sales and logistics difficulties facing agriculture before, during and after production activities. Besides, we promoted the formation of a Sannong-oriented financial service ecosystem in a coordinated manner. We improved mobile banking apps, promoted emerging payment methods such as mobile payment, optimized the services of convenience banking terminals in the countryside, and strengthened comprehensive services and the integration of various scenarios.



Case Study

PSBC provided kiwifruit farmers with tailor-made credit products

Given the characteristics of the local kiwifruit industry, PSBC Zhouzhi County Sub-branch of Shaanxi Province launched an array of innovative credit products such as "PSBC Agro-Loan" and "Kiwifruit Storage Loan". These products covered the entire industry chain from plantation and processing to sales and export, capable of offering kiwifruit farmers easy access to affordable financing. As at the end of 2020, the Bank granted over RMB1.7 billion of loans to 42,000 kiwifruit growers in total, which gave them strong support to raise income.

In 2020, the county expanded its kiwifruit planting area to about 28,800 hectares, and produced 530,000 tons of fresh fruits each year, with an annual output value of over RMB3.2 billion. There were more than 300,000 people engaged in the kiwifruit-related industries. Zhouzhi County, therefore, has become an important kiwifruit production base and a kiwifruit demonstration county for standardized management all over China.



Paying a post-lending visit to a duck breeding base



Case Study

Establishing the "intelligent platform" to empower the development of rubber enterprises

PSBC Hainan Branch strengthened integration of business and technologies and supported the rapid and healthy development of Hainan rubber enterprises by jointly establishing an intelligent platform. On May 12, 2020, the branch and Hainan Natural Rubber Industry Group Co., Ltd. held the signing ceremony of strategic cooperation agreement & cooperation agreement on intelligent rubber acquisition platform. Through big data integration, blockchain technology and application of 5G, the branch changed the original rubber whole-process trading mode, and realized cashless settlement and insurance claims payment throughout the whole process consisting of the five modules of "rubber farmers, rubber collection points, rubber collection stations, processing plants and Hainan Natural Rubber Industry Group Co., Ltd."



PSBC Hainan Branch established the "intelligent platform" to address enterprises' pain points and fully support the development of the rubber industry

Taking part in community development



In 2020, the Bank continued to provide agency collection and payment services relying on its widely-spread network of outlets in both urban and rural areas. While exercising rigid control on various risks, we strove to meet people's rigid needs for house purchase, and channeled more financial resources to emerging consumption fields with the help of digital technologies, so as to help community residents lead a better life. As at the end of 2020, the Bank had a total of 39,631 outlets, of which 27,534 were at and below the county level.

In the vast rural areas, the Bank took an active part in promoting the New Rural Endowment Insurance ("NREI") and the New Rural Cooperative Medical Service ("NRCMS"), to increase the availability of basic financial services there. In 2020, the Bank acted as the collection agency for 3,047,000 NREI transactions with a transaction amount of RMB1,099 million; as the payment agency for 201 million NREI transactions with a transaction amount of RMB33,398 million; and as the payment agency for 532,000 NRCMS reimbursement and allowance payment transactions with a transaction amount of RMB290 million.

In strict accordance with the requirements set out by the real estate-related financial regulation policies, the Bank controlled the growth of real estate loans within a

reasonable range, and prioritized funding home-buyers with rigid demand. Consequently, the proportion of loans for first-time home-buyers remained above 90%, and the average loan amount stood at only RMB 420,000, both of which embodied the Bank's determination to curb the need to buy homes for investment purposes. In terms of strengthening non-housing consumer credit business management, we screened and reviewed the loan purposes and related vouchers, monitored the flow of loan funds with intensified efforts, and prevented diversion of funds or funds flowing into the real estate market stringently, to fully implement the regulatory requirements on the use of loans.

The Bank enhanced the digital risk control capabilities on all fronts, and took steady steps to transform the consumer credit business towards digital, intelligent, and scenario-based operations. We integrated offline and online products together, created a unified brand called "PSBC Consumer Loan", and provided a wide range of customers with fast credit products and multi-scenario comprehensive financial services, thus helping to upgrade the mix of private consumption. As at the end of 2020, the balance of the Bank's personal consumption loans reached RMB2.36 trillion, representing an increase of RMB345,601 million compared with the prior year-end.



Customer journey optimization

The Bank emphasized the customer-centric business philosophy fit for a modern bank, and relied on "one main line and two major channels" to enhance customer experiences systematically and continuously.

One main line: Customer journey optimization

The Bank employed the professional diagnosis and analysis tools to explore deep-seated reasons behind the existing problems. Aligned with leading industry standards, we reshaped the target customer journeys, and took moves to better 47 customer journeys in accordance with the three-year road map for customer journey optimization. From the four dimensions of organization, efficiency, benefit, and experience, a complete set of evaluation indicators were created to reflect how these 47 customer journeys were optimized on a monthly basis. Review on improvement of customer journey is also conducted.

Two major channels: Outlets and mobile banking

Two special enhancement plans for outlet services and mobile banking were drafted and implemented, with a view to accelerating channel integration and improving customer experience through both online and offline channels.

Outlet services: Combined with the systematic transformation of outlets, the Bank focused on improving counter and lobby services. At outlets, we stepped up team building efforts, streamlined business processes, and improved service management responsibility mechanisms. In the process, outlets performing well were selected as role models in delivering high-quality customer experiences. Through these, the Bank saw customer experiences through the outlet channel improving significantly.

Mobile banking: With the goals in five spheres of "safety, openness, intelligence, operation, and scenario" in mind, the Bank continued to diversify the functions of the mobile banking platform, by adding many new features such as remote account manager service, voice-enabled fund transfer, and personalized electronic receipts. All of these functions turned mobile banking into a people-centered platform. We built mobile banking into an ecosystem featuring "PSBC Canteen + postal services + life scenarios" at a faster pace, with an aim to enhance customer loyalty and activeness.

Hearing four sources of voice to locate the pain points of customer service

The Bank preliminarily set up a three-dimensional data collection and analysis system which pooled together the data available internally and externally. Experience programs for senior executives, special evaluations, and internal and external satisfaction surveys were conducted for many times. Getting the voice of customers, employees, media and regulators heard, we analyzed the hotspot data and provided the authentic, accurate and objective data to underpin the evaluation and selection of special customer experiences.

Implementing a "five-step" work flow for closed-loop management

By adopting the five steps of "collection and analysis of customer experience data, special evaluation of customer experiences, diagnosis and optimization design, optimization and supervision, and project evaluation", the Bank established a closed-loop management mechanism aiming for customer experience improvement which consisted of "experiences, improvements, more experiences, and more improvements". On this basis, we reexamined and optimized the existing customer experiences and reinvented

the agile and rapid digitalization processes, so as to ensure that the efforts made to improve customer experience could achieve concrete results.

Building teams in charge of customer experience management

The Bank built the customer experience management team under the Head Office, branches and outlets. Customer experience training sessions were delivered to over 10,000 employees, thus laying a foundation for different business lines to improve customer experiences in a sustainable way.

Establishing six guarantee mechanisms for the enhancement of customer experiences

From such aspects as performance assessment, incentive, staffing, technology, communication and culture, the Bank established a name-and-shame and accountability mechanism, set up special incentive funds, improved the capacity of the staff, strengthened technical support, promoted internal and external exchanges and cooperation, and worked hard to foster a sound customer experience culture. A full range of diverse measures were introduced to make sure the customer experience management mechanism could operate well across the Bank.

Serving investment needs of the public

The Bank actively implemented regulatory requirements such as the new rules on asset management, and advanced the transformation of its wealth management business in an orderly manner. In cooperation with PSBC Wealth Management, we pursued a customer-centric approach, and continued to issue wealth management products for specific customer groups and net-worth wealth management products, which were designed to meet the needs of customers for asset preservation and appreciation. We strengthened sales staff training, increased the compliance of sales behaviors, and expanded the sales of net-worth products. At the same time, we optimized customer journey and improved customer experiences, implemented requirements for appropriateness management on sales, actively responded to fluctuations in the bond market, and continued to provide full-process customer service and investor education. As at the end of 2020, the balance of the Bank's personal wealth management products reached RMB832,304 million, representing an increase of 6.33% compared with the prior year-end; and the net-worth personal wealth management products accounted for 54.83% of the Bank's total, representing an increase of 22.66 percentage points compared with the prior year-end.



Bai Li (right), the wealth manager of PSBC Saybagh District Sub-branch of Xinjiang Uygur Autonomous Region Branch, was awarded with the title of the "National Role Model Worker". In this photo, Bai Li provided service to a customer.

As at the end of 2020

The balance of the Bank's personal wealth management products reached

RMB 832,304 million

Up by **6.33%** compared with the prior year-end

The net-worth personal wealth management products accounted for **54.83%** of the Bank's total
Up by **22.66** percentage points compared with the prior year-end

Upgrading customer experiences for senior citizens



Staff at outlets guided the elderly to use intelligent machines

The Bank understands the importance of its social responsibility as a major state-owned bank. It places equal emphasis on the innovation of traditional services and the development of smart services and their integrated development, with a special focus on solving the problems and difficulties faced by the elderly in accessing financial services.

During the reporting period, the Bank fully investigated the actual needs and difficulties of the elderly customers in accessing services through mobile banking, outlet counter, self-service equipment and other common channels. It focused on optimizing the "large font version" on mobile banking and special counter services for the elderly customers, increased its efforts to invest in cash self-service equipment with deposit receipt or passbook acceptance function, which effectively improved the smart services based on the needs of the elderly. During the epidemic, the Bank set up emergency channel for people with no health QR codes and launched the pilot program of introducing the "epidemic prevention all-in-one machine", providing a green channel of anti-epidemic inspections such as paper registration, face recognition and identity card verification for elderly customers who did not use smart phones. It adhered to the philosophy of "full attention, priority and active assistance", and provided elderly customers with considerate and comprehensive traditional financial services. In terms of products, the Bank rolled out "Golden

Sunlight Card", a debit card exclusive for elderly customers, and exempted the product from a number of handling fees. At the same time, we also provided elderly customers with exclusive financial products to further enrich the product mix of the customer group.



Case Study

Beijing Branch established the Golden Sunlight Club

Beijing Branch founded the Golden Sunlight Club, by upholding the service tenet that "elders deserve our love, respect and care" and proceeding from the core needs of elderly customers for "health care and socializing". The platform provided differentiated products and services to elderly customers in the form of membership rights. At the same time, a volunteer team called "Golden Sunlight Ambassadors" was recruited to provide considerate services to elderly users on the days when pensions were distributed on an agency basis.

Supporting small and medium-sized enterprises

The Bank adhered to the philosophy of "covering both urban and rural areas and delivering services to the broad masses". In practice, the Bank continued to strengthen financial services targeted at small and micro-sized enterprises. It took us more than a decade to build a unique financial service model for such enterprises. The model consists of four systems (that deal with marketing, products, operations, and risk control), three guarantees (that come from institutions, mechanisms, and teams), two supports (technological and cultural supports) and one service tenet (that takes customers at its center). While providing small and micro-sized enterprises with efficient, convenient financial services that cover a wider range at more competitive prices, the Bank also strove to realize a strategy of high-quality and featured development which took retail business as the mainstay and was dedicated to long-term value creation.

As at the end of 2020, the balance of inclusive loans granted to small and micro-sized enterprises hit RMB801,247 million, representing an increase of RMB148,062 million compared with the prior year-end. The share of such loans in PSBC's total loans ranked in the forefront among major state-owned banks. The cumulative amount of inclusive loans granted to small and micro-sized enterprises throughout the year exceeded RMB800 billion, and the number of customers with loan balances increased by 94,500 compared with the prior year-end. The Bank beat the targets CBIRC had set for commercial banks in this regard.



Deepening the research on finance targeted at small and micro-sized enterprises to boost their healthy development

In 2015, the Bank, along with the newspaper Economic Daily, released to the public the Economic Daily-PSBC Small and Micro-sized Enterprise Operating Index, a move that filled the gap of China in the monthly index of its kind. In 2017, the Bank teamed up with Renmin University of China to establish a research team on the small and micro-sized enterprise index. The research team was tasked to optimize the small and micro-sized enterprise index from such perspectives as indicator setting, modeling, sampling, questionnaire design and data verification based on social and economic developments as well as changes to small and micro-sized enterprises. As at the end of 2020, the index was released for five consecutive years with a total of 68 issues. As a window through which one could gain a glimpse into how small and micro-sized enterprises survive and thrive, it has drawn extensive attention from the public. It plays diverse roles, which could be summarized into the following three aspects: providing intellectual support for small and micro-sized enterprises on decision-making regarding production structure adjustment and other operational activities, offering detailed and reliable data to support academic research, and giving some positive references for the state in its policy formulation and industrial planning. So far, the index has become

a barometer of how China's small and micro-sized economy performs. During the COVID-19 pandemic, its objective and comprehensive reflection of how small and micro-sized enterprises operated and developed in China under the influence of the public health crisis has provided an important reference for the formulation and implementation of relevant policies.

In June 2020, the Bank worked with Renmin University of China and the newspaper Economic Daily to host the Second Forum on Development of Small and Micro-sized Economy. Themed on "Boosting the Small and Micro-sized Economy to Improve the Quality and Efficiency of Economic Development", the forum brought together many experts and scholars from national ministries or commissions, banks, think tanks, and other organizations. On the occasion, attendees held exchanges and discussions about, among other topics, the status quo, existing problems, and development prospects of small and micro-sized enterprises amid the COVID-19, the feasible solutions to rendering these enterprises with quality financial services, and the possible model innovations and important measures needed by the development of small and micro-sized economy under the pandemic. Besides, the Research Report on the Development of the Chinese Small and Micro-sized Economy was released, which received good reception from the public.

Significant headway

Continuing to enrich the supply of digitalized products: The Bank vigorously promoted products based on big data such as "Easy SME Loan" and "Speedy Micro Loan", and further diversified the business models of the product "Easy SME Loan". Apart from the existing four models of loans to small and micro-sized enterprises, which are based on customers' taxation, invoice, comprehensive contribution and projects, we also launched two other models which are based on online mortgage and online guarantee respectively, thus forming a "4+2" business development pattern to meet the diversified financing needs of small and micro-sized enterprises. Of these, the "Project Easy Loan" product, developed based on the national platform of comprehensive credit services on SME financing, became available at 32 tier-1 branches. Besides, the Bank got connected to the CRC Receivable Financing Service Platform of the PBOC, and offered the online government procurement loans on a trial basis. As at the end of 2020, the balance of online loans granted to small and micro-sized enterprises reached RMB457.07 billion, representing an increase of RMB252,052 million, or 122.94% compared with the prior year-end. The Bank integrated credit information available internally and externally, did better in assessing the credit qualifications, financing needs and solvencies of micro, small and medium-sized enterprises, and increased the supply of credit loans so as to ensure more small and micro-sized enterprises could get the pure credit support free of mortgage and guarantee.



Account managers of PSBC Jiangxi Branch provided door-to-door service to enterprises

As at the end of 2020

The balance of online loans granted to small and micro-sized enterprises reached

RMB **457.07** billion

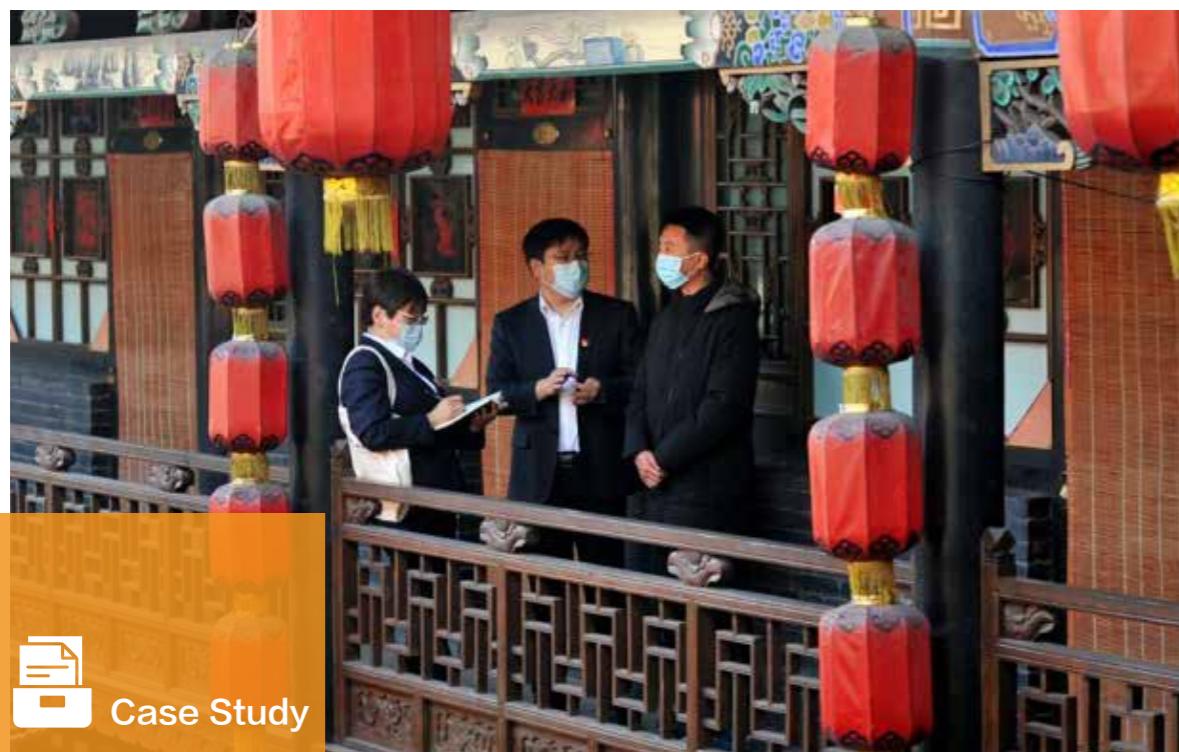
Up by **122.94%**

compared with the prior year-end

Continuing to optimize customer experiences: The Bank sticks to the customer-centric service philosophy. Starting from the customer journey optimization, and bearing in mind the "standard and fast" attributes of loans extended to small and micro-sized enterprises, it streamlined the credit business processes, and further enhanced the customer experiences. The Bank moved faster to promote the online availability of various businesses and the online disbursement of funds, and enabled high-quality loan customers engaged in the people's livelihood industries to withdraw the funds of working capital loans online, so as to render financial services to small and micro-sized enterprises with quality and efficiency further assured. Besides, the Bank worked hard to forge an eco-system where online and offline operations got integrated and financial and non-financial business lines interacted with each other. We explored how to establish a bank-wide business and service platform targeted at business customers, which was aimed to provide small and micro-sized enterprises with online financial services as well as non-financial services such as purchase-sale-stock management and staff-fund-property management. We strove to provide small and micro-sized enterprises with business integration support, while providing them with financing services.

Continuing to upgrade risk control towards smart operation: The

Bank kept improving the comprehensive risk management system that covered "all aspects, whole process and entire staff". Relying on the data regarding industrial and commercial registration, judicial procedures, taxation, invoice, state grid and other fields, we improved the whole-process measurement models for pre-lending automatic evaluation, ongoing review and approval and post-lending risk forewarning. We portrayed the risk profiles of small and micro-sized enterprises accurately, used advanced technologies to facilitate the decision-making process, and improved the automatic risk forewarning function and the triggering post-lending inspection function, in a bid to shore up the risk forewarning capabilities constantly and make sure asset quality could remain stable and controllable.



Case Study

The door-to-door loan service campaign

In 2020, Shanxi Market Supervision and Administration Bureau and Shanxi Branch jointly launched a campaign called "Bringing RMB10 Billion Loans to Your Door". Forged as a financing service platform, the campaign was aimed to grant loans worth no less than RMB10 billion to at least 200,000 small and micro-sized enterprises and self-employed people in the province. In the process, Shanxi Branch enhanced its financial services for small and micro-sized enterprises and self-employed people with four measures, that is, strengthening policy support, improving cooperation mechanisms, accelerating product

PSBC Shanxi Branch supported the development of B&Bs (bed & breakfast accommodations) in the Ancient City of Pingyao by providing guaranteed loans for startups

innovation, and bringing risks under effective control.

"Small businesses like us have borne the brunt of the COVID-19. At the peak of the pandemic, we sold nothing for an entire week," said Ms. An, a raw pork retailer at Pingyao County. Account managers from PSBC Pingyao County Sub-branch of Jinzhong City, Shanxi Province visited local small and micro-sized enterprises and self-employed people, bringing financial services to their doors. With their help, Ms. An managed to apply for a business secured loan. This type of loan was mainly targeted at urban residents registered as unemployed, college graduates, migrant workers returning home to start businesses, and online merchants, with a view to providing financing support for their business startup and employment.

A bank-enterprise matchmaking campaign

PSBC Liaoning Branch actively launched a bank-enterprise matchmaking campaign, which was aimed to provide small and micro-sized enterprises with tailor-made financial services and products, as a move to address their financing difficulties. As at the end of 2020, the branch paired up with 1,621 enterprises, which accounted for 100% of those on the preset list. Meanwhile, it granted credit totaling RMB479 million to 196 businesses on the list, and disbursed loans of RMB476 million to 184 firms on the list.

Yangxin Yiliyuan Halal Meat Corporation Limited, a key beef cattle enterprise that leads agricultural industrialization in Shandong Province, was severely impacted by the COVID-19 pandemic. To help local companies withstand the impact of the pandemic, the CPC Shandong Provincial Committee and the Shandong Provincial Government co-issued a policy that financial tutors were stationed at the enterprises severely affected by the pandemic. To implement the policy, PSBC Binzhou Branch of Shandong Province took the bank-enterprise matchmaking campaign as an opportunity to visit local companies. When knowing that the enterprise had liquidity difficulties, it moved fast to reach intents of credit loan with the enterprise. With the quick approval channel opened, it took the branch only three days to render the enterprise with small business loans worth RMB10 million.



The staff members from PSBC Longyan Branch of Fujian Province visited a small local business to gain an in-depth insight into its comprehensive financial needs.





Advancing Green and Low-carbon Operation to Build a Beautiful China

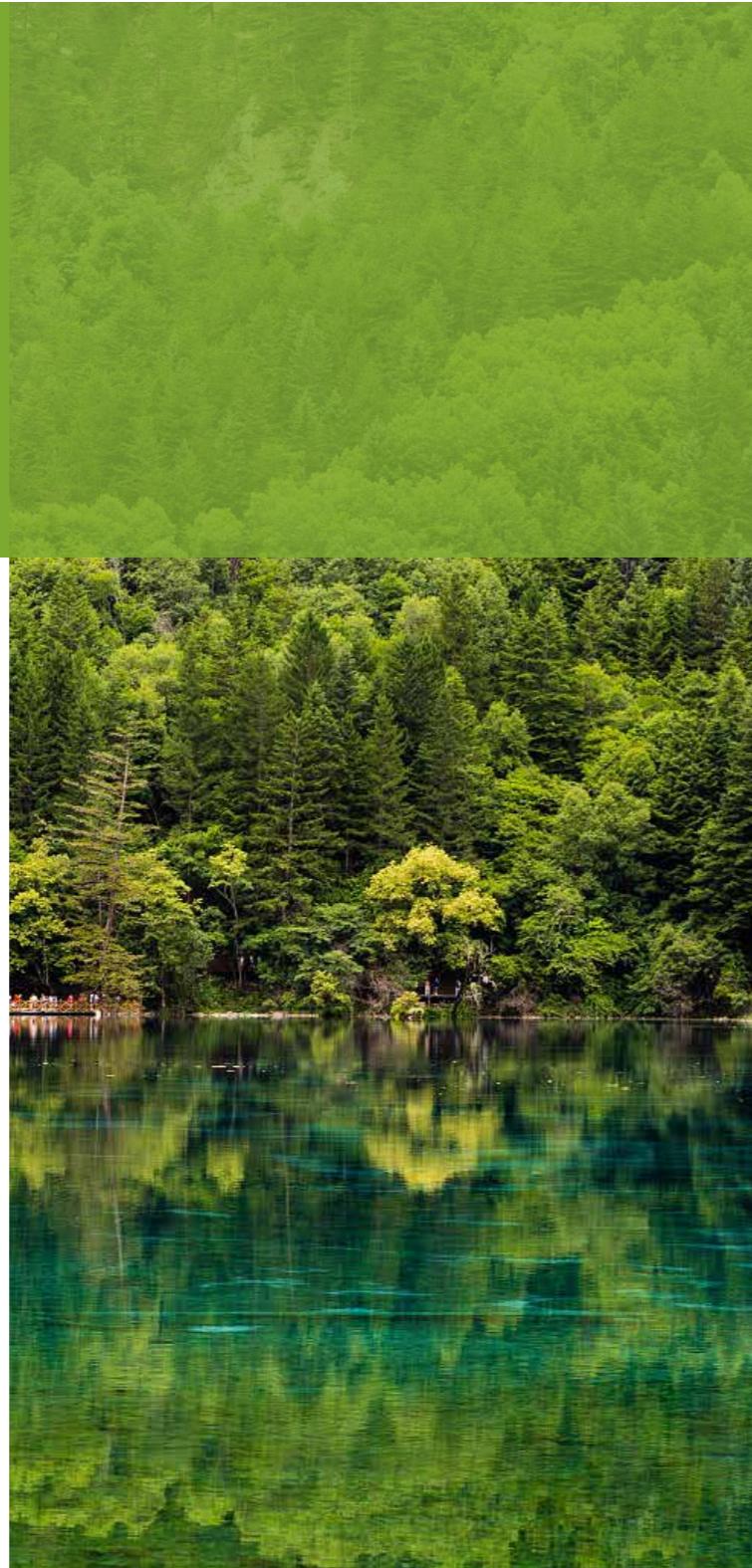


Responsibility Practice |
Advancing Green and Low-carbon
Operation to Build a Beautiful China

Developing green finance

The Bank stays true to the principle that lucid waters and lush mountains are invaluable assets and implements major decisions and plans of the CPC Central Committee and the State Council on actively responding to climate change and developing green finance. In many domains such as strategic planning, policies & systems, incentives & constraints, and FinTech, we continue to strengthen green management, actively launch innovative green finance products and services, vigorously support green, low-carbon development, reinforce environmental, social and governance (ESG) risk management, and promote green operations and green office building, in the hopes of building ourselves into a green inclusive bank and a climate-friendly bank. As at the end of 2020, the Bank's green loan balance reached RMB280,936 million, representing an increase of RMB65,158 million or 30.20% compared with the prior year-end, a level 9.9 percentage points higher than the industry average. Of it, the balance of corporate green loans totaled RMB271,459 million, accounting for 13.73% of the Bank's corporate loans in the same period, a figure exceeding the industry average by 2.93 percentage points. At the same time, the Bank underwrote and invested in more green bonds with the balance of green bonds held at the end of 2020 hitting RMB24,091 million. PSBC was awarded the title of the "Exemplary Institution for Green Banking in Terms of Overall Performance" by China Banking Association consecutively.

Intensifying top-level design to improve green governance. The Bank took the initiative to incorporate green development into its corporate governance, conducted professional cooperation with International Finance Corporation (IFC), our strategic investor, and



learned from the leading international institutions in green finance. The Board of Directors set up the Social Responsibility and Consumer Rights Protection Committee, which was regularly briefed on the building of a green bank, meanwhile reviewed the major decisions on green finance development. The Board of Supervisors continued to track the implementation of green credit systems and policies, and strengthened the supervision of ESG information disclosure. The senior management established a leading group on green banking and set up a green finance department to promote the building of a green bank on all fronts. The Audit Office regularly released reports on the implementation of green credit and strengthened the supervision and audit of how progress was made towards the building of a green bank.

Enhancing development planning with strategic guidance strengthened. The Board of Directors incorporated the development of green finance into the outline of the Bank for the medium and long-term strategy, with a view to vigorously supporting the development of a green, low-carbon and circular economy, and helping to build a beautiful China. The green credit development plan and the three-year plan for building a green bank were formulated to set out key tasks and draw a road map to building a green bank.

Optimizing policies and systems for better management mechanisms. The Bank drafted the credit policy guidelines for green finance and pollution prevention and control, in which a raft of industries such as wind power, photovoltaic power generation, waste power generation, hydropower, energy saving and environmental protection, new energy vehicles, railway transportation and rail transit were listed as the industries of encouraged entry, which green finance should be focused on; the industries with high pollution, high energy consumption and overcapacity exemplified by coal, coal-fired power generation and steelmaking were classified as the industries of prudent entry, so as to tighten customer access and optimize the credit structure continuously. We studied and formulated a series of business guidelines for clean loans that covered such products as water affairs loans, waste disposal loans, photovoltaic loans and heat supply loans, and steadily applied the guidelines for clean loans to many fields of environmental protection, clean energy, green and low carbon, etc. Furthermore, we shored up biodiversity protection. The environmental and social risk management measures were formulated to incorporate ESG into the entire process of credit business. Environmental, social, governance and other factors were embedded into the templates of internal rating policies, key industry surveys and review reports, and the clauses defining environmental and social risk commitments made by borrowers were added into their contracts.





Beigang Changhe fishery-solar project supported by PSBC Hunan Branch

Improving incentives and constraints to optimize resource allocation. The Bank improved the incentive and constraint mechanisms in terms of performance appraisal, product innovation, credit scale, economic capital, funds transfer pricing (FTP), loan pricing, credit review and approval, internal audit, on-site inspection and other aspects. More resources were channeled to a wide range of key fields related to green finance such as low-carbon transportation, renewable energy, clean energy, green buildings, energy conservation and environmental protection, and green consumption. At the Bank, green loans and green bonds were granted 10 bps discounts on FTP, the demand for green credit was prioritized, and "Green Channel" was preferentially applied for review and approval of green loans.

Shoring up product innovation in support of green development. The Bank exploited its superior network of outlets and liquidity advantages to develop and promote products in relation to green finance and climate finance, in an effort to seek green development. We issued a letter of guarantee for the CECEP-ADB sub-loan project, which would finance the establishment of an emission reduction and pollution control fund in the Beijing-Tianjin-Hebei region, so as to facilitate air quality improvement in the region. Besides, we developed the innovative product called "Carbon Absorption Loan" for Zhongtai Sub-district of Hangzhou Yuhang District of Zhejiang Province, an exemplary unit in performing the United Nations Forest Instrument. The product was aimed to support the industrial chain of local bitter bamboo flute, having achieved

considerable climate and social benefits.

Applying FinTech to reinforce ESG risk management.

The Bank integrated the environmental protection data from the Blue Map app into the "Gold Eye" credit risk monitoring system to carry out environmental risk management. Such a design prompted customers to pay ongoing attention to their impacts on environment, to restore their environmental credit, and assume their primary responsibility for environmental pollution prevention and control vigorously. Furthermore, the results achieved from the cooperation with the International Finance Corporation (IFC) through a consulting project were put into full use, the on-site inspections of green bank building and special ESG risk screening campaigns were conducted for four consecutive years, and risk disposal measures were devised on a customer-specific basis, all of which enabled the Bank to prevent and mitigate potential risks effectively.

Launching pilot programs and speeding up the promotion of successful experience. The Bank designated Huzhou Branch of Zhejiang Province as a pilot site for the green finance reform at the Head Office level. During the 14th Five-Year Plan period, it would provide Huzhou Branch with new credit funds of no less than RMB50 billion, in an effort to forge the branch into a role model. We promptly summarized the experiences of Wuxing Green Sub-branch in Huzhou and Huadu Sub-branch in Guangzhou Experimental Zone for Green Finance Reform and Innovation, and roll out the good practices in other pilot zones, in a bid to propel local economies towards green and low-carbon development.

Training and research cooperation

The Bank actively participated in the policy practices and academic exchanges held by the Ministry of Ecology and Environment (MEE), PBOC, CBIRC, International Finance Corporation (IFC), the Green Finance Committee, colleges and universities and research institutes. Some examples of these activities included the Symposium on Actively Addressing Climate Change and Effectively Managing Climate Risks, the First China Methane Summit, the Climate-Friendly Bank Workshop and the 8th China SIF Annual Conference. Meanwhile, we carried out the research program on climate finance of commercial banks in conjunction with the Natural Resources Defense Council (NRDC).

The Bank built up the ability to develop green finance and climate financing with greater efforts, and diversified the training system. A total of 15 all-employee training courses on such themes as green credit statistics and green finance-related credit policy were organized through a variety of forms including centralized training, online sessions and video/telephone conferences.



Supporting the construction of Huzhou's green finance reform and innovation pilot zone

The Bank signed the Cooperation Framework Agreement on Supporting the High-Level Construction of A National Pilot Zone for Green Finance Reform and Innovation in Huzhou with the Huzhou Municipal Government of Zhejiang Province. We worked to strengthen financial support, roll out innovative products and service models, and vigorously applied the experimental results of green finance reform .

According to the agreement, the Bank would offer Huzhou green finance reform and innovation pilot zone with preferential treatments in terms of credit policy, business efficiency enhancement, interest rate cut and resource allocation, by focusing on such domains as the application of the "Two Mountains" theory, green and smart manufacturing, digital economy, industrial transformation and upgrading, technological innovation, ecological environment governance, rural revitalization and green building. In other words, priority would be given to meeting the demand of Huzhou for green funds. At the same time, Huzhou Branch was designated as a Head Office-level unit to push forward the green finance reform on a trial basis. The branch made bold attempts with respect to institutional setup, product innovation, process optimization, fund pricing, and approval and authorization. For example, it supported Huzhou Municipal Government in establishing the Yangtze River Delta Green Finance Service Center, which is tasked to promote the integrated development of green finance in the Yangtze River Delta at a faster pace.

Building of a green sub-branch

On December 30, 2020, PSBC Guangdong Branch officially established the Bank's first green tier-1 sub-branch, thus greatly expediting the implementation of the national policy for building green finance reform and innovation pilot areas. By improving supporting policies, enhancing the competence of employees and increasing research and exchanges, the sub-branch strove to set a good example for green finance development.



 Case Study

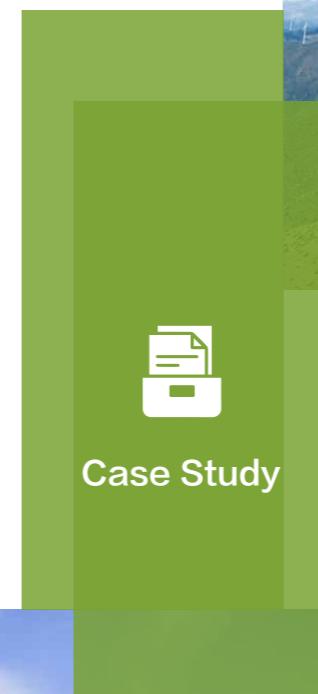
Assist customers in green and low-carbon development

The Bank teamed up with the Institute of Public and Environmental Affairs (IPE) ahead of others. The two integrated the environmental protection data from the Blue Map app into the "Gold Eye" credit risk monitoring system to carry out dynamic monitoring and evaluation of environmental risks from enterprises. We encouraged enterprises to analyze the causes of problems and formulate rectification measures. By drafting information notes, enterprises demonstrated to the public how they performed their primary responsibilities for pollution prevention and control in an all-around and content-rich manner, thus enhancing the environmental performance management

and practice. After outlining rectification measures or plans, making public disclosures and carrying out environmental credit repair, the enterprises all saw their environmental credit ratings improved. As at the end of 2020, the Bank had 197 enterprises fulfill their primary responsibilities for pollution prevention and control, which publicly disclosed their environmental issues in the past. At the same time, over 200 customers used the Blue Map platform and tools to calculate and disclose quarterly resource and energy data on fresh water consumption, wastewater discharge, greenhouse gas emissions and others.



The livestock and poultry manure recycling project with financing support from PSBC Jiangxi Branch



The Xiaogaoshan wind power plant constructed with the funding of PSBC Sichuan Branch got connected to the grid for power generation in October 2020

Supporting Yuhang District developing the bitter bamboo industry

In 2018, Yuhang District, Hangzhou City, Zhejiang Province was licensed by the State Forestry and Grassland Administration as the 13th exemplary institution in performing the United Nations Forest Instrument across the country. The bamboo flute production of Zhongtai Sub-district within the district accounted for more than 80% of the world's total output. In the view of PSBC, as the local bamboo flute industry grew better and stronger, the introduction of green finance and a forestry-based climate change response mechanism would help protect germplasm resources, give better play to the carbon-absorbing role of bamboo forests, improve local villagers' livelihoods, and pass down on the classical Chinese culture. To this end, the Bank promptly launched the "Carbon Absorption Loan". Based on creditworthy villages, the product was designed to issue special credit loans to farmers in Zhongtai Sub-district, so that their funding needs arising from any link of the bamboo flute industrial chain could be met efficiently. It not only supported the development of the local bamboo flute industry, but also stimulated the borrowers' initiative to make reasonable use of bamboo forests and their superior carbon-absorbing role, thus producing sound economic and environmental benefits.



Implementing green operations



Case Study

PSBC incorporated energy-saving targets into daily work, and took active measures to reduce the total energy consumption in an effort to build a green bank. In 2020, the Bank, proceeding from its operations, revised and distributed the Regulations on Energy Management of the Head Office of Postal Savings Bank of China (Revised Version in 2020) as a move to strengthen system management. In practice, we provided that various types of office equipment such as computers, printers, copiers and scanners should be shut down after work, and stipulated the recommended air-conditioning temperature ranges for winter and summer at workplace. At the same time, we continued to carry out energy-saving technological transformation, and avoided procuring or running the energy-intensive and low-efficiency office equipment.

The Bank went further to encourage a paperless work environment. Double-sided printing was advocated, and the Head Office departments brought their office paper consumption under budgetary management. The waste electronic products were inspected, evaluated, classified, disassembled and put under unified storage based on their product life cycle, to ensure that electronic waste would produce the minimum impact on the environment.

The Bank promoted garbage classification. In accordance with the requirements of the Regulations of Beijing for Domestic Waste Classification Management, the Head Office placed on each floor of the office premise classified dustbins to collect kitchen waste, recyclable waste and other waste separately. Additionally, it also produced posters that guided employees through garbage sorting and resource recycling.

A total of 5,307 employees of the Bank participated in afforestation activities, planting 104,012 trees.

As at the end of 2020

A total of **5,307** employees of the Bank participated in afforestation activities
Planting **104,012** trees

Accelerating the construction of green data centers

Actively answering to the call of government and regulatory authorities for the building of green data centers, PSBC's data center fully embraced new technologies represented by IoT and AI, and continued to build green, efficient, intelligent, cutting-edge smart data centers in a bid to boost green development.

PSBC Hefei Data Center made its way to the list of 60 national green data centers for 2020. Since its establishment, the center has always adhered to the new development concept, and followed the requirements for high-quality development. With a goal to enhance green development, the data center strengthened green design, procurement and construction, continued to carry out green operation and maintenance, and unlocked the potential for energy conservation, so as to realize its sustainable and healthy development. The center also introduced AI technology. With an AI energy efficiency management system set up, it used AI algorithms such as machine

learning and deep learning to adjust operating parameters of air-conditioning equipment in real time. In this way, the center gradually achieved overall optimal control, and further reduced electricity consumption. In 2020, the average power utilization efficiency (PUE) of the Hefei Data Center remained at the vanguard of data centers in the finance industry.



PSBC Hefei Data Center

2020 Environmental Performance Indicators¹

Environmental performance

Unless otherwise specified, the statistical scope of environmental performance in this section covers the Head Office, headquarters of domestic tier-1 branches, institutions directly under tier-1 branches, and majority-owned subsidiaries of PSBC.

Emissions ²	
SO2 (ton) ³	0.01
NOx (ton) ⁴	0.21
Total greenhouse gas emissions (Scope 1 and Scope 2) (ton) ⁵	133,630.67
Greenhouse gas emissions per capita (Scope 1 and Scope 2) (ton/person)	3.89
Greenhouse gas emissions per square meter of floor area (Scope 1 and Scope 2) (ton/m ²)	0.13
Direct emissions (Scope 1) (ton)	
Emissions from use of fuel by vehicles	928.17
Emissions from use of diesel by facilities	81.83
Natural gas emissions	2,518.17
Indirect emissions (Scope 2) (ton)	
Emissions from purchased electricity	130,102.50
Total hazardous waste (ton) ⁶	42.43
Hazardous waste per capita (ton/person)	0.0012
Hazardous waste per square meter of floor area (ton/m ²)	0.00004
Total harmless waste (ton) ⁷	3,418.83
Harmless waste per capita (ton/person)	0.10
Harmless waste per square meter of floor area (ton/m ²)	0.0033

Note:

1. As institutions directly under tier-1 branches and majority-owned subsidiaries were added into the statistical scope this year, total energy consumption, total office water consumption, total greenhouse gas emissions and other data increased from the previous year. Affected by the pandemic, some institutions saw a decrease in energy and resource consumption.

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 by per person and per square meter of gross floor area include both office areas and machine rooms.

3. SO2 emissions were mainly from use of fuel by vehicles. The data of SO2 emissions was calculated in accordance with the Technical Guide for Preparation of the List of Air Pollutant Emissions from Road Motor Vehicles (Trial) issued by the Ministry of Environmental Protection of China.

4. NOx emissions were mainly from use of fuel by vehicles. The data of NOx emissions was calculated in accordance with the Technical Guide for Preparation of the List of Air Pollutant Emissions from Road Motor Vehicles (Trial) issued by the Ministry of Environmental Protection of China.

5. Greenhouse gases include carbon dioxide, methane and nitrous oxide and were mainly from purchased electricity and fuel. Greenhouse gases were presented by carbon dioxide equivalent, and were calculated according to the 2019 Baseline Emission Factors for Regional Power Grids in China issued by the Ministry of Ecology and Environment of the People's Republic of China and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC). Because there are no baseline emission factors for power grids in Tibet and the impact of the data of purchased electricity of Tibet Branch was small and of little importance, the purchased electricity of Tibet Branch was not included in the statistical scope of greenhouse gas emissions.

6. All of the hazardous waste involved in the operation of the Bank, most of which were waste lead storage batteries, was entrusted to professional companies with qualification for treatment.

7. The harmless waste of the Bank, most of which are office garbage and discarded hard disks, was handed over to recyclers. Office garbage in some institutions was disposed by the property management companies in the office spaces, and was unable to be independently measured. We have made estimates according to The First National Survey of Pollution Sources: Manual of Waste Generation and Emission Coefficients from Urban Life Sources issued by the State Council.

Energy and resource consumption	
Total energy consumption (MWh) ¹	216,135.63
Energy consumption per capita (MWh/person)	6.29
Energy consumption per square meter of floor area (MWh/m ²)	0.21
Direct energy consumption (MWh)	
Fuel consumption by vehicles ²	3,790.30
Diesel consumption by facilities ³	311.22
Natural gas ⁴	12,878.31
Indirect energy consumption (MWh)	
Purchased electricity ⁵	199,155.80
Consumption of purchased electricity of the Head Office (MWh) ⁶	100,954.79
Office water consumption (ton) ⁷	950,220.52
Office water consumption of the Head Office (ton) ⁸	193,784.01
Office water consumption per capita (ton/person)	27.66
Office water consumption per square meter of floor area (MWh/m ²)	0.92

Note:

1. The total energy consumption was calculated based on power and fuel consumption and relevant conversion factors provided in the Chinese national standard General Rules for Calculation of Comprehensive Energy Consumption (GB/T2589-2008), including purchased electricity, natural gas, vehicle fuel consumption and diesel consumption by facilities.

2. Fuel consumption by vehicles includes gasoline and diesel consumption by vehicles.

3. Diesel used by facilities refers to diesel used by standby generators and a small number of stoves.

4. The natural gas of institutions directly under Shanxi Branch was controlled by the property management companies in their office areas, the fees were included in the property management fees, and the consumption couldn't be measured independently. In addition, the impact of their natural gas consumption data was small and of little importance, so the data were not included in the statistical scope.

5. The purchased electricity of headquarters of Henan Branch and institutions directly under Beijing Branch was controlled by the property management companies in their office areas, the fees were included in the property management fees, and the power consumption couldn't be measured independently, so we made estimates according to the 2016 Statistical Yearbook of Energy of China issued by the Department of Energy Statistics of the National Bureau of Statistics of China.

6. The purchased electricity consumption of the Head Office of the Bank refers to the total power consumption by institutions of the Head Office in Beijing, including power consumption by the office areas in Jinding Mansion, Xinheng Tower, Dacheng Plaza, Ximeng Tower, Fengtai No. 72 Yard, Credit Card Center at Advanced Business Park, Software R&D Center at Advanced Business Park, Yongfeng, Yizhuang, Orient Asset Building and Kunlun Center.

7. Office water consumption includes consumption of tap water and reclaimed water. The office water of headquarters of Henan Branch, headquarters of Shenzhen Branch, institutions directly under Beijing Branch, institutions directly under Shanxi Branch, institutions directly under Shanghai Branch, institutions directly under Hainan Branch, Shanghai Audit Office, Guangzhou Audit Office, Shenyang Audit Office, Software R&D Center in Suzhou and PSBC Consumer Finance was controlled by their property management companies, the water rates were included in the property management fees, and the water consumption couldn't be independently measured, so we made estimates according to the national standard Code for Design of Building Water Supply and Drainage (GB50015-2019).

8. The office water consumption of the Head Office of the Bank refers to the total water consumption by institutions of the Head Office in Beijing, including water consumption by the office areas in Jinding Mansion, Dacheng Plaza, Ximeng Tower, Fengtai No. 72 Yard, Credit Card Center at Advanced Business Park, Software R&D Center at Advanced Business Park, Yongfeng, Yizhuang, Orient Asset Building and Kunlun Center. The water rates of the office area in Xinheng Tower were included in property management fees, so the water consumption couldn't be independently measured. Since its office water data had little impact and were of little importance, the data were not included in the statistical scope.

Pursuing Innovation-driven Development to Build a Smart Bank



Pursuing
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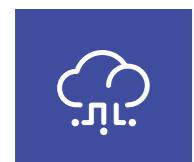


Responsibility
Practice



Speeding up the development of FinTech

Wrapping up the implementation of the 13th Five-Year IT plan



The Bank's 13th Five-Year IT plan adopted the technical route of distributed architecture. The plan was guided by the idea of "making five-year planning and presenting a ten-year vision" and followed the principle of "interconnection, sharing, intelligence, and innovation". Combined with new technologies such as big data, cloud computing, mobile Internet and distributed computing, it covered application architecture, data architecture and technical architecture, thus being sophisticated and forward-looking.



As at the end of 2020, the Bank completed implementing its 13th Five-Year IT plan. As a result, an enterprise-level application architecture came in place, and the blueprint for building a bank-wide business architecture was realized.



During the 13th Five-Year IT Plan period, the Bank established eight new platforms dealing with process integration, credit business, Internet finance, treasury business, portfolio transactions, customer relationship management (CRM), internal rating and service inclusiveness, respectively, along with 145 new information systems. All of these fully embodied the business value of the IT plan in terms of enterprise-level process integration, rapid product innovation, ecosystem formation and customer experience enhancement.



Intensified efforts were made to build teams of technical personnel. As at the end of 2020, the personnel of the Head Office's IT line doubled compared with the prior year-end. The Bank formulated the 2020 implementation plan for the IT talent project, the differentiated performance appraisal measures, and the special incentive reward distribution

In 2020, the Bank actively promoted the development of systems and mechanisms facilitating FinTech innovation, improved the top level design of technological innovation, implemented technological innovation planning, and advanced the application of emerging technologies. Besides, we formulated the measures for the management of technological innovation funds, encouraged the participation of all employees across the Bank, and made overall planning for the development of technological innovation. Relying on a joint action mechanism, the Head Office and branches exploited their advantages to achieve a raft of technological innovation results together.

plan. We also set out seven staff banding sub-systems on IT and relevant promotion pathways, regularly hosted professional technical training sessions, and organized the research program on industry-leading IT professionals. All of these moves were aimed to fully mobilize the initiative and creativity of IT personnel.

A new-generation core system for personal business

The Bank developed the new-generation core system for personal business at a faster pace, in order to build up technological innovation capabilities and promote retail banking towards digital transformation. Despite the severe impact of COVID-19, we tackled key and difficult tasks and achieved phased results. When it came to the IT architecture, the technical architecture of x86 server and cloud platform deployment was adopted, so that the Bank's core system could be well positioned to achieve independence and controllability.

Artificial intelligence

The Bank tried to integrate AI with financial businesses through various scenarios such as smart risk control, customer services and operations, so as to make financial services convenient, intelligent and efficient.

As at the end of 2020, intelligent customer services became available across all business lines. A total of 36 tier-1 branches across the country offered such services through WeChat official account. The Q&A accuracy rate reached about 95.91%, representing an increase of about 0.64 percentage point compared with the prior year-end. The service volume accounted for 63.59% of remote banking centers, and the average daily number of customers receiving services reached approximately 586,300 during the pandemic. The intelligent advisory service was launched as part of mobile banking on a trial basis, to provide customers with financial investment strategies and advice through AI and big data analysis.



- Centered on the "PSBC Brain", the Bank further increased the vertical and horizontal application of such key technologies as biometric recognition, language and speech recognition, and knowledge graphs in many fields including operation management and customer service, with an aim to boost business development, improve work efficiency and reduce costs.
- The machine learning platform designed for the use of all employees was launched in November 2020, to provide the Bank's AI technology R&D and application with the full-process support, and improve the level of intelligence in risk prevention and control and business operations.
- We built up the biometric recognition and language & speech recognition platforms to standardize the application of intelligent technology in related fields. By lowering the threshold of technology, we were able to empower business with new technologies at a faster pace.

As at the end of 2020

The Q&A accuracy rate of intelligent customer services reached about **95.91%**

The service volume of intelligent customer services accounted for **63.59%** of remote banking centers

Up by about **0.64** percentage point compared with the prior year-end

The average daily number of customers receiving such services reached about **586,300**

Blockchain

The Bank built a blockchain service platform through agile iterations. We actively responded to national strategic deployment, and went all out to support the construction of Xiongan New Area, becoming the contractor for the fiscal non-tax revenue electronic bill blockchain project in the area; we also provided strong support to the scenario construction of cross-border financial blockchain and the U-chain supply chain.

Internet of Things (IoT) and 5G

The Bank launched the IoT-based cash and important physical item management system in Beijing, Jiangsu, Hainan and Chongqing branches on a trial basis. We realized electronic voucher handover and whole-process tracking on vault output and input, which significantly improved the efficiency of vault work and reduced operational risks. Besides, 5G technology was adopted to assist in the development of smart outlets in Beijing, Shanghai and Shenzhen and connect online and offline financial scenarios, thus promoting boundaryless financial services.



Case Study

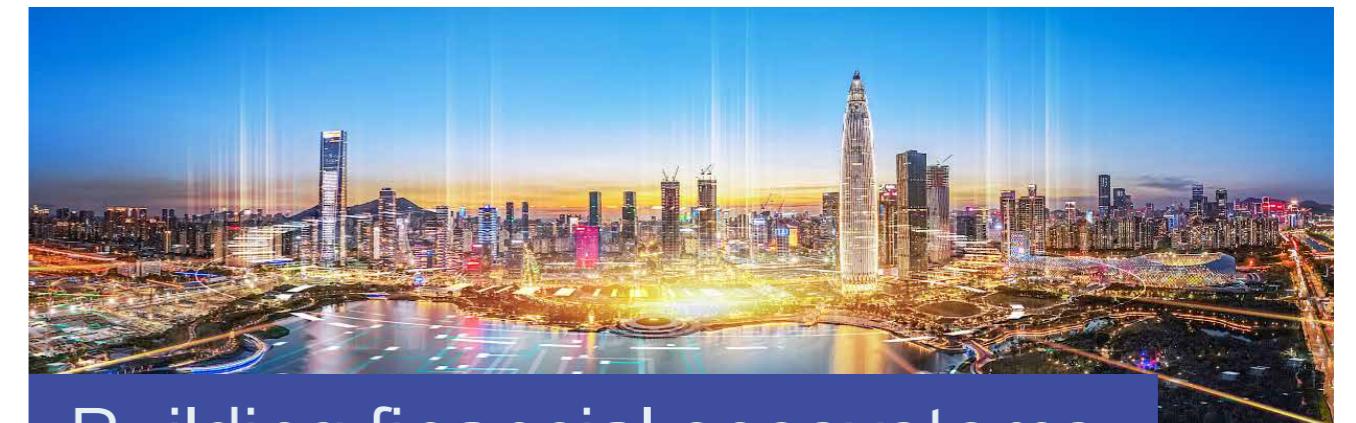
Hosting the first data modeling competition

Since the competition kicked off in April 2020, 461 persons from 129 teams signed up. The competing teams came at different levels and from different business lines, fully demonstrating the integration of business and technology. The modeling proposals focused on business priorities and difficulties, and covered a wide range of business management fields such as customer service, business marketing, and risk management.

Focusing on the Bank's digital transformation effort, the competition was aimed to fuel the high-quality business development with the help of data mining. As a result, there came out an array of professionally proficient data talents and teams passionate about data modeling as well as a number of high-quality data application scenarios.

The competition further aroused the initiative of big data professionals across the Bank, stimulated the enthusiasm for modeling, and promoted the communication among teams of big data professionals, thus creating a sound working atmosphere in favor of big data application.

For the next step, the award-winning cases and models in the competition will be promoted extensively in 2021 through such methods as system solidification and secondary application development. In doing so, the Bank will further expand the application of the big data and enhance the ability to control the core data.



Building financial ecosystems

In 2020, the Bank strove to develop more business scenarios, promoted the integration of online and offline operations, created two ecosystems—"finance + life" and "outlets + business circle", and forged two platforms that were PSBC Life app and the mobile banking app. In the face of the abrupt pandemic outbreak, the Bank took multiple measures to deal with it actively. For example, it moved fast to unveil the "Customer Manager Cloud Studio" and the "Home-based Customer Service", in addition to exploring the delivery of "contactless service". In helping the elderly use smart technologies and protecting their personal information, the Bank continuously optimized related products and technologies, and endeavored to serve every single customer, fully demonstrating our identity as a socially responsible large bank.

PSBC received the approval for the establishment of a direct bank

On December 21, 2020, the Bank received the formal approval from the CBIRC for the establishment of a direct bank, making it the first major state-owned commercial bank to participate in the direct banking pilot program. With PSBC online as its proposed name, the direct bank is planned to have a registered capital of RMB5 billion with the registered place in Shanghai, in which the Bank holds a 100% stake.

The establishment of a direct bank is an important step for the Bank to deepen its institutional reform and explore fintech innovation, which aligns with the orientation of regulatory policies, the trend of digital transformation and the Bank's business development needs. By leveraging technologies and following the idea of inclusive finance and market-oriented operation, PSBC online will fulfill its mission of serving Sannong customers, assisting micro and small enterprises and bringing benefits to the general public. It will actively explore new Sannong financial service model and meet the financial service needs in rural and county areas; focus on micro and small enterprises, making use of fintech to help them solve such problems

as difficulties in accessing affordable and quick financing, and providing a package of financial services. It will proactively extend the penetration of its services to promote consumption upgrade with inclusive finance, and build an innovation platform for supporting rural revitalization with financial services and achieving a better life with technology.

Besides, fully performing its role as the testing ground of PSBC and on the premise of "independent operation and risk isolation", PSBC online will build a more flexible and efficient market-oriented system and mechanism, promote development with platformization and openness as the key direction, and actively explore new models of diversified cooperation with the Bank as well as the online and offline coordinated development. It will also strive to become an innovative financial service institution with social influence and develop the second curve of the Bank's transformation to better serve the rural revitalization strategy, support the real economy and put digital inclusive finance into practice.

Casting a "finance + life" ecosystem

The Bank continued to optimize management and provision of services via electronic banking channels such as mobile banking, online banking, telephone banking and WeChat banking, in the hopes of providing a diversity of financial services. We promoted the in-depth integration of businesses with technologies, gave full play to the advantages of agile development, and kept accelerating the iterative upgrade of mobile banking. The mobile banking 6.0 was released in November 2020. As at the end of 2020, the Bank had 355 million personal e-banking customers, among whom mobile banking customers reached 299 million and personal online banking customers hit 243 million. The personal e-channel transaction ratio went up to 95.69%, and the customer service satisfaction rate of 95580 call center stood at 99.63%. The corporate online banking 2.0, a brand new version, was introduced with overall upgrades in business signing, installation & login, operational process, interaction & response, information services, and other fields. At the same time, all customers were migrated to the new system steadily. In 2020, the contracted customers of corporate online banking increased by 80.48% compared with the prior year-end, customer transactions became increasingly active, and customer experiences improved significantly.

Turning "finance + life" into dual service engines

Starting from the "PSBC Canteen", the Bank explored ecological scenarios and developed online services. Through such methods as the application of smart technologies, the integration of internal channels, and the promotion of external cooperation, the Bank built multi-dimensional financial and life scenarios, created a "finance + service" smart ecosystem, and enabled the featured financial ecosystem to create value.

The Bank released the PSBC Life app, worked with external enterprises to build scenarios, and provided customers with multi-dimensional benefits and services in a wide range of fields such as "clothing, food, housing, transportation, medical care, education, culture, and sports". PSBC Life app started from three domains: key scenarios, financial products, and membership services, to enhance user experience on all fronts.

As at the end of 2020

The Bank had
355 million
personal e-banking
customers

299 million mobile
banking customers

243 million
personal
online banking
customers

The personal
e-channel transaction
ratio went up to
95.69%

The customer satisfaction
of 95580 service stood at
99.63%

PSBC Life app was launched Everyone is a master of life



Building an "outlets + business circle" ecosystem

Relying on the network of outlets distributed across the urban and rural areas, the Bank upgraded merchant acquiring and mobile payment services around residents' daily spending scenarios. "Micro business circles", centered on outlets and linked through mobile payment, were formed to cover scenarios on daily consumption and life service. Through the joint action of the business (B) and customer (C) ends, business streets, farmer's markets, and other sites with large flow of visitors were cultivated into new scenarios for customer acquisition and activation. Integrated financial services such as credit and wealth management were delivered to empower small and micro-sized businesses and provide customers with special offers and convenient services.

As at the end of 2020, the Bank established more than 1,000 outlet-based business circles across the country. Following the Head Office's principle of "one county, one business circle", PSBC Henan Branch made every effort to create the merchant acquiring scenarios with unique characteristics of township markets. Spearheaded by the "community + township" development strategy, the branch established 408 demonstration sites as part of the "PSBC Pay" township strategy, which covered nearly 20,000 township merchants with acquiring services, giving a strong boost to the economic development of rural areas.



Case Study

"PSBC Pay" business circle of convenient payment

PSBC Gansu Branch actively implemented the "outlets + business circle" strategy. Centered around daily consumption scenarios, the branch diversified mobile payment tools to create the "PSBC Pay" business circle of convenient payment, a "one-kilometer financial service ecosystem". All merchants along the Zhengning Snack Street, a famous night market in Lanzhou, used the "PSBC Pay" service.



Customer Manager Cloud Studio

In March 2020, the Bank innovatively launched the cloud studios for account managers to provide customers with the contactless financial services around the clock. The studio enabled the traditional account manager service to go online, thus erecting a bridge that connected customers with account managers. As at the end of 2020, the studio was rolled out across the Bank, with 128,600 registered accounts, 10,510,400 visitors, and 29,248,200 views.



Strictly ensuring information security

The Bank attaches great importance to the protection of customers' personal information, by standardizing all procedures on collection, use and storage of customer information. The Bank emphasized the use of personal information in a minimum scope, and enhanced network security monitoring and up-to-standard operations. When new business and product designs are being reviewed, we stipulate that customer authorization must be obtained before information collection and use, so as to protect consumers' information security substantially.

The Bank issued the Measures of Postal Savings Bank of China for Data Laboratory Management (Revised Version in 2020), which was intended to intensify the management

of how the data lab is operated. The data laboratory system was added with new functions such as watermarking and screen recording, thus realizing the traceability of data use. We worked harder to reinforce data export management, and made full use of the data desensitization system, with a view to ensuring customers' data security.

The Bank actively conducted emergency drills on consumer protection, summarized and evaluated the problems exposed in the drills, and optimized the relevant emergency response processes. As a result, the emergency management mechanisms for consumer protection got further improved.

Building a data governance regime

In 2020, the Bank established the Data Governance Leading Team and Data Governance Committee, both of which further helped directors, supervisors, senior management members and various departments to perform their duties. A multi-layered and interconnected data governance system was established consequently. We drew the blueprint for the implementation of data governance guidelines, which specified the direction for our data governance work in the next five years.



Intensifying IT risk prevention and control

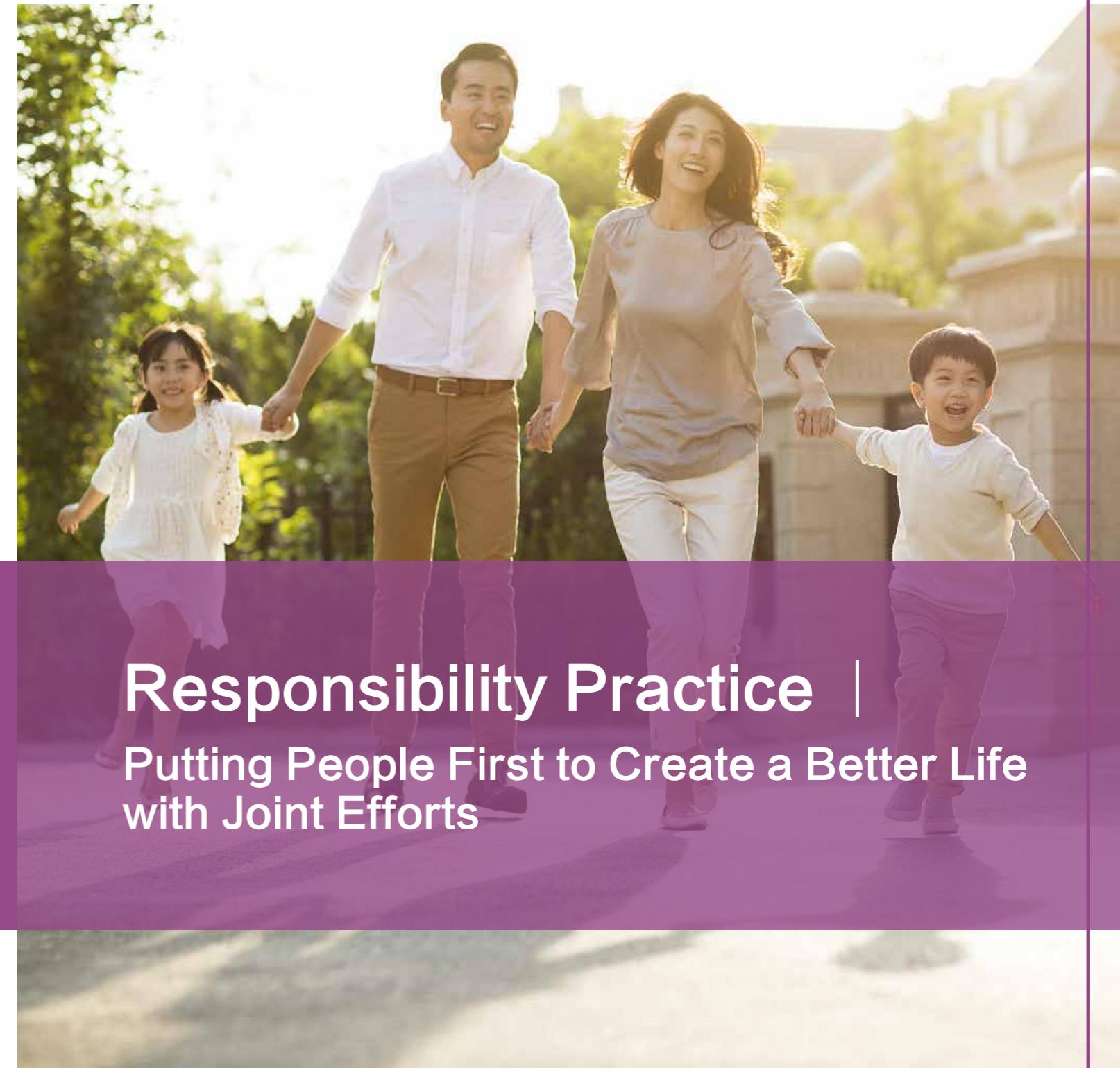
The Bank carried out IT risk management activities with quality and efficiency further assured, increased IT compliance, and optimized a complete set of IT systems. In the year, we formulated and revised 53 rules and policies covering such fields as network security and data security. In the meantime, we introduced the accountability system on network security as a move to strengthen network security management, and completed certification and regulatory filling for the app. To ramp up data security management amid the pandemic, themed training sessions were organized for 150,000 employees across the Bank. We did well in IT risk monitoring and forewarning response, while completing the security evaluation of apps such as mobile banking, credit card, and PSBC E Loans and the penetration test of the Internet application systems. Moreover, we carried out special evaluations of customer information security and "blue army inspections", and conducted special IT risk inspections on some tier-1 branches, in an effort to improve IT risk management capacity.



PSBC built a 3D virtual exhibition hall at the site of the 2020 China Cyber-security Week activity.



Putting People First to Create a Better Life with Joint Efforts



Responsibility Practice |
Putting People First to Create a Better Life
with Joint Efforts



Enhancing employees' occupational well-being

The Bank steadily pressed ahead with democratic management. We maintained close contact with employees and understood their actual needs by convening employee representative assemblies, soliciting proposals from them, and surveying their ideological dynamics. In doing so, we tried to safeguard the dominant status of employees at PSBC. In 2020, we held the 3rd, 4th and 5th plenary sessions of the 1st Employee Representative Assembly, to hear and review the 2019 annual work report presented by the Head Office and the work report on proposal solicitation, and review and adopt multiple proposals affecting the direct interests of employees.

In 2020, the Employee Representative Assembly of the Head Office completed the Bank's first proposal solicitation and handling campaign. A total of 127 proposals were collected and feedback was given to the persons who came up with these proposals one by one. It turned out 98.40% of replies were satisfactory. Proposals for the upcoming 6th plenary session of the 1st Employee Representative Assembly were solicited, which focused on the key issues arising from the Bank's reform

and development as well as production and operation management, the important matters concerning interests of employees, and the hot topics of general concern to employees under the new situation.

98.40%
of replies to employees' proposals were satisfactory



Listening to the voice of employees

A total of 103,875 valid questionnaires were collected in the 2019 Annual Survey of PSBCers, covering more than half of the Bank's employees. The survey was completed on the basis of adequate sample analysis and in-depth interviews. As at the end of 2020, the 2020 annual survey was started so as to continuously collect the suggestions and opinions from employees and provide the data as needed by the decisions for employee experience enhancement.

The Bank enhanced employee care

First, we made every effort to prevent and control the spread of COVID-19 and showed extra care to employees during the pandemic. The Head Office promptly issued the Notice of the PSBC Labor Unions on the Prevention and Control of COVID-19, and provided the staff working at the pandemic-sweeping areas with the psychological consulting services via a dedicated hotline. As at the end of 2020, labor unions at all levels of the Bank visited more than 90,000 employees working on the front line of pandemic response and invested over RMB30 million in pandemic prevention efforts.

Second, we continued to upgrade the construction of staff homes with quality further assured. Specifically, we offered eight types of services, which were appeal solicitation, skill enhancement, democratic management, mutual assistance, mental health, maternal and child care and cultural & sports activities. Through these moves, we hope to allow employees to feel more fulfilled and happier. The labor union of PSBC Yuhua Sub-branch under Changsha Branch of Hunan Province and the labor union of PSBC Changpo Sub-branch of Gaozhou County under Maoming Branch of Guangdong Province were honored with the title of "National Model – Small Homes of Staff" by the All-China Federation of Trade Unions. The labor union of PSBC Putian Branch of Fujian Province and the labor union of Jinxi County Sub-branch of Jiangxi Province were awarded the title of "National Model – Staff Homes".

Third, we deemed visits to employees as an integral part of our routine work. In 2020, we paid visits to 3,873 employees from model workers to frontline staff members and 4,852 groups, and paid RMB24.57 million in consolation money.

Fourth, at PSBC, we showed particular care to female employees. We worked with the Spiritual Wealth Club to launch an online activity in celebration of the Women's Day. The labor union of the Head Office issued a notice to promote the construction of "Mummy's Hut" nursing rooms, which aimed to gain an overall picture of how these rooms were built across the Bank, and specified the uniform standards and specifications for such facilities. As at the end of 2020, 1,487 "Mummy's Huts" nursing rooms were built across the Bank.

As at the end of 2020

We paid visits to
3,873
employees from model workers to frontline staff members

4,852
groups

Paid
RMB **24.57** million
in consolation money

Built **1,487**
"Mummy's Huts"
nursing rooms

During the COVID-19 pandemic

The Bank visited more than
90,000
employees working on the front line of pandemic response

Over RMB **30** million
was invested in pandemic prevention efforts



Case Study

Staff home construction

Focusing on the actual needs of employees, PSBC Shanghai Branch cooperated with professional third-party organizations to set up a mental health helpline, through which employees could get mental health counseling and professional guidance for emotional management. At the same time, the branch rendered its staff with legal consulting services in an effort to protect their legitimate rights and interests.



A staff home created by PSBC Shanghai Branch for employees



PSBC Jiangsu Branch mobilized employees to participate in the autumn outing activity called "Go Hiking, Staying Healthy", thus making concerted efforts to complete the "Nazca Lines" together

Protecting consumer rights and interests

In 2020, the Bank kept up with changes in customer needs, integrated consumer protection into the scope of corporate governance, business development strategy and corporate culture development, and continued to elevate the consumer protection work to a new height. During the reporting period, we improved various consumer protection mechanisms constantly, and enhanced the work framework which took a host of mechanisms such as decision making, implementation supervision, review of consumer protection, internal assessment of consumer protection and information disclosure as the core. At the same time, we formulated and implemented the Management Measures of PSBC for the Protection of Consumer Rights and Interests (Revised Version in 2020) and the Management Measures of PSBC on Consumer Complaints (Version 2020). The Bank further outlined the policies, contents and objectives of consumer protection, and improved a work regime where the consumer protection departments would take the lead to coordinate all efforts and relevant departments would get their work done according to the division of labor. We also optimized various work mechanisms for consumer protection, further specified the division of duties for consumer complaints handling, standardized the complaint response procedures and standards, and exercised a more rigid control over all steps of the complaint handling process—registration, circulation, handling, feedback, return visit, verification, analysis and improvement to intensify the process management of complaint cases.

To raise the service awareness of banking and insurance institutions as well as the sense of risk and self-protection capabilities of consumers, the Bank, through educational, guiding and publicity efforts, focused on informing financial consumers of their legitimate rights, the ways to protect their rights legally, and various policies on financial services during the pandemic response period. By doing so, we were

As at the end of 2020

A total of **111** million persons attended activities that inform financial consumers of their legitimate rights

dedicated to enhancing the overall image of the banking industry in consumer rights protection, pooling together the forces available across the industry, instilling the awareness of financial consumption security in consumers, and creating a sound and harmonious financial consumption environment. To this end, various forms of content-rich educational activities were organized through multiple channels to publicize consumer protection and to help people feel the warmth of finance. As at the end of 2020, a total of 111 million persons attended these activities.

The Bank actively participated in many massive educational and publicity events held by regulatory agencies and industry associations, including the "3.15 Consumer Rights Protection Education and Publicity Week", "Journey for Financial Knowledge", "Protecting Your Pockets with Financial Knowledge", and "Financial Knowledge Dissemination Month: Gaining Basic Financial Literacy and Trying to Be Rational Investors and Financial Netizens", as well as a host of special education and publicity activities such as the "Cybersecurity Week" and "Spread of Financial Knowledge on Anti-counterfeit Banknotes". It was therefore rated as the "Excellent Organizer of Joint Financial Literacy and Education Campaign in 2020" by the CBIRC Financial Rights Protection Bureau. In addition, we also formulated a total of 23 publicity and education plans that fell under nine categories: "wealth management", "credit card", "personal finance", "consumer credit", "network finance", "inclusive finance", "credit report and information security", "safety production" and "operation management". Additionally, institutions at all levels were organized to carry out financial knowledge dissemination activities on a daily or regular basis.



Bringing financial knowledge to villages where the Dong people live

In light of the pandemic response situation, various institutions of the Bank at all levels actively explored innovative publicity and education methods, introduced more channels of publicity and education, integrated online and offline publicity means, and improved the pertinence and effectiveness of publicity efforts, so as to enhance the public's comprehension of financial products and services, risk awareness as well as ability to safeguard rights legally, guide the masses to use financial products and services correctly, and raise the awareness of financial risk prevention across society.

The Bank continuously improved the complaint management regime by further smoothing complaint channels, optimizing the complaint handling process, making improvement against complaints from the source, and enhancing the quality of services. During the reporting period, the Bank received a total of approximately 151,500 customer complaints (382 complaints per 100 outlets), which mainly involved bank cards, other types of business (functional businesses, other banking businesses, call services and other complaints), RMB deposit, agency businesses, loan complaints and other fields, and were primarily distributed in Hubei, Henan, Jiangsu, Anhui, Hunan and other regions. Of the complaints received, 97.68% were handled to the satisfaction of related customers and 99.78% were settled. (Note: Due to differences in the statistics of complaints

conducted by banks, the figures of complaints produced by the Bank are not suitable for peer comparison.)

The Bank regularly conducted systematic analysis of the complaints filed by financial consumers. We thoroughly analyzed the key areas on which customer complaints were concentrated, figured out the primary causes of complaints, and proposed suggestions for improvement. Given the problems reflected in customer complaints, the related policies, products, processes, systems and services were optimized constantly.

The Bank made vigorous efforts to foster a consumer protection culture, which included a themed labor competition. All employees from institutions at various levels attended the preliminary rounds of the event. The intermediary and final rounds encompassed a diversity of competition forms such as speech contests themed on consumer protection, knowledge contest of consumer protection, complaint analysis display and exhibition of financial knowledge dissemination. The competition of both theoretical knowledge and practical skills stimulated all employees to expand their reserve of knowledge on consumer protection, become keenly aware of working requirements, and deliver a better performance in work. A pro-consumer protection atmosphere came into being at the Bank.



 Case Study

Advocating "non-contact" publicity methods

PSBC Xiamen Branch invited well-known mobile TV hosts of Xiamen Television to deliver the campaign called "Bringing Financial Knowledge to Every Household" on many live streaming platforms simultaneously. Award-winning quizzes, games and interesting animation clips, among other means, were used to teach the public financial knowledge and increase their financial literacy.

Paying particular attention to key population groups

PSBC Hebei Branch came up with many publicity themes such as "Red: the Theme of the Times", "Colorful Prime Age", "Golden Harvest" and "Beautiful Sunset", which managed to cover consumers of all ages and backgrounds ranging from students, teachers, farmers to the elderly. This move enabled the branch to further enhance the pertinence of its knowledge spreading efforts. PSBC Hengshui Branch of Hebei Province went to the Yafu Park Senior Citizens Activity Center where they shared financial knowledge with the elderly.





Doing good to society

In 2020, to fully implement the plans made by the CPC Central Committee and the State Council for the pandemic response, gather strength to win the critical battle against COVID-19, pass down on the spirit of humanitarianism, and continue the charitable tradition, the Bank worked with China Foundation for Poverty Alleviation to launch a Hubei-targeted donation project in which money of RMB1.35 million was donated to the students in 27 classes of the New Great Wall Scholarship Program from 16 schools in the poverty-stricken areas of Hubei Province which were hit the hardest by the COVID-19 pandemic. These funds were aimed to help these students from impoverished families alleviate the economic pressure caused by the public health crisis.

In 2020, the first 1,650 impoverished high school students funded by the "PSBC Love Classes of Self-Commitment" program took the national college entrance examination. Of these, 931 students got a score above the admission line for undergraduates, including over 450 reaching the criterion for first-class admission. Some even were admitted to well-known Chinese universities or institutes of higher learning such as Peking University, Nankai University, China

University of Political Science and Law and Beijing Institute of Technology.

In 2020, the Bank continued to operate the "PSBC Love Classes of Self-Commitment" program. In its second phase, the program funded 1,900 high school students from 38 schools in the poverty-stricken areas (some were in the "Three Regions and Three Prefectures"). It would provide each of these impoverished students with the annual tuition and miscellaneous fees of RMB2,000 for three consecutive years, so as to help them complete their high school education. At the opening ceremony, volunteers from the Bank interacted with the students, encouraging them to work hard, fulfill academic ambitions and pass on the public spirit.

As at the end of 2020, the PSBC Love Charity Foundation raised RMB32,222,900, of which RMB15 million came from the donation made by the Bank in its own name. We also organized all employees and called on the public to make donations through Tencent charity platform, online banking and other channels, raising total funds of approximately RMB17,222,900.

Case Study

Providing online health services

Case Study

PSBC volunteers were in action to fight the COVID-19 pandemic

PSBC employees stepped forward in the critical battle against the pandemic. While doing their job well, they were also active as volunteers on the front line of pandemic response and in the grassroots-level communities, contributing to the prevention and control of the public health crisis.

Professional volunteers sent the ambulances to Wuhan urgently. On February 15, 2020, 19 members of the Wuxi Blue Sky Rescue Team formed a task force to immediately drive 17 much-needed negative pressure ambulances to Wuhan. The deputy head of the rescue team Tang Xiaoquan was a manager of the development department at Xishan Sub-branch in Wuxi City, Jiangsu Province.

Volunteers publicized pandemic knowledge and visited households for inspection. On February 22, 2020, Party members from Lin'an District Sub-branch of Hangzhou, Zhejiang Province formed a team of volunteers. At weekends, they conducted anti-pandemic publicity campaigns on streets, disseminating pandemic prevention knowledge to citizens and reminding them to control the virus spread continuously and to maintain their personal health.

Amid the pandemic response, the Bank added to the mobile banking app a column of real-time inquiry into COVID-19 information, which included COVID-19 map, major dynamics, and traveling trajectories of confirmed cases and other modules to help users gain a full picture of the pandemic situation in a timely manner. The Bank unveiled the online doctor and medical services through video call, allowed users to claim the free seven-day membership to such services, and offered user rights such as doctor consultation and exclusive assistants. Besides, the Bank also partnered with China Post Insurance to develop free insurance products with COVID-19 coverage for PSBC Canteen members.

A youth commando team supplemented the pandemic response forces of local communities. On February 19, 2020, the young Party members and League members from Xiangyang Branch of Hubei Province answered the calls of the times to form a "Youth Commando Team Against COVID-19". A total of 20 team members worked together and got actively involved in the coronavirus prevention and control at local communities and sub-districts.



PSBC volunteers on the frontline of the fight against pandemic



Case Study

Health Angel—Health Service Volunteers in Action

The PSBC Credit Card Center, along with the Youth League Committee of the Institutions Directly under the National Health Commission and China Population Welfare Foundation, established the "Health Angel—Health Service Volunteers in Action" fund to provide cardholders with a platform for donating reward points to charity. During the pandemic, the minimum number of rewarding points cardholders needed to donate so that PSBC would make a cash donation of RMB1 was halved from the original 1,000 to the present 500.



PSBC Jiangxi Branch holding a blood donation activity



PSBC Jiaxing Branch of Zhejiang Province held a themed reading activity where participants made donations in exchange for books and the raised funds were donated to the Zhala Township Primary School in Biru County, Naqu City, Tibet.



The Heartwarming Red Umbrella campaign



Heartwarming Red Umbrella supporting green traveling

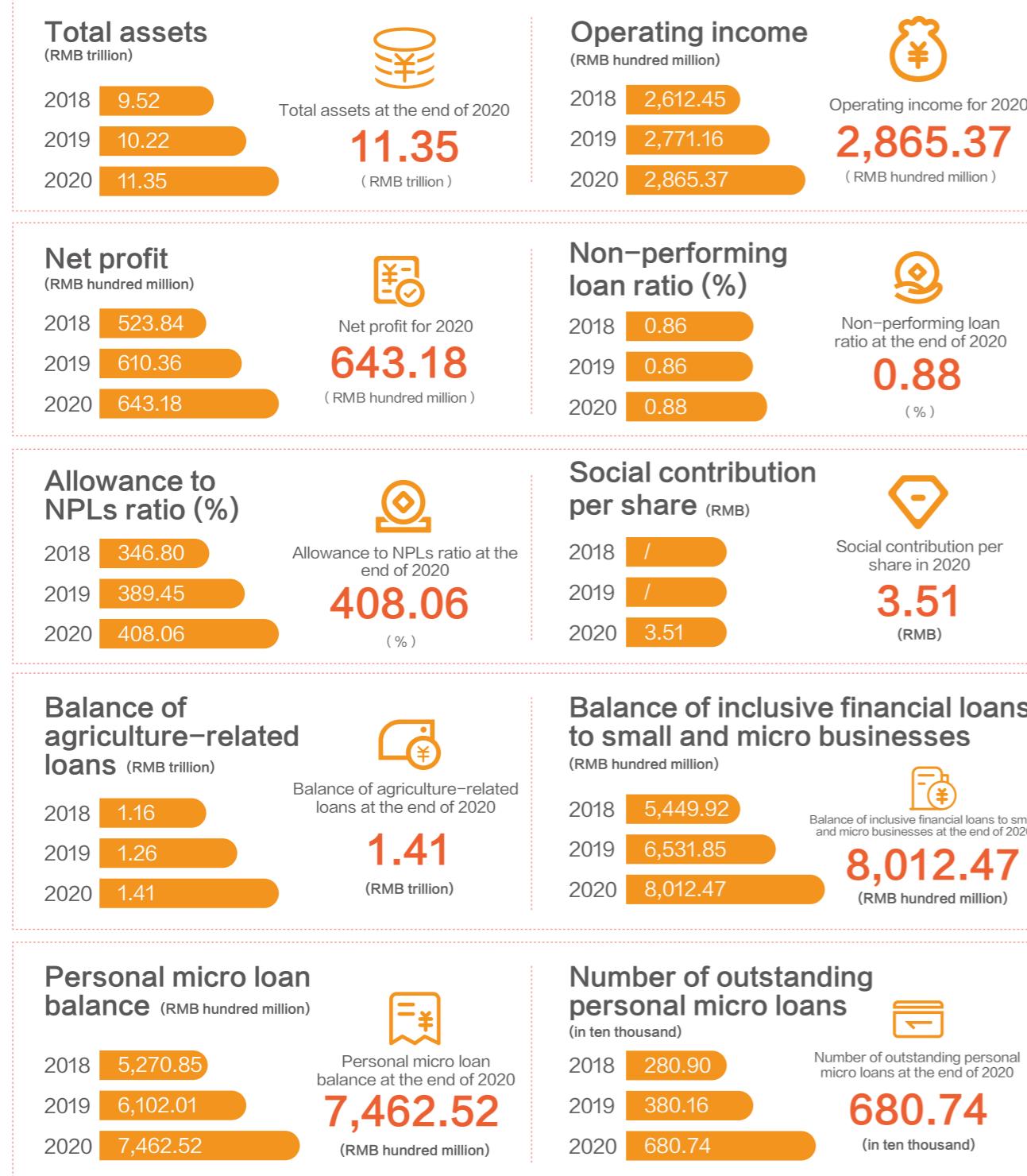
To mark the 40th anniversary of Shenzhen Special Economic Zone, PSBC Shenzhen Branch and the Pioneer 898 program of Shenzhen Radio Station jointly launched the "Heartwarming Red Umbrella" public benefit activity, providing passengers with free umbrellas in subway stations. The purpose of the activity was set to give back to society, advocate green traveling, and develop a low-carbon lifestyle. As at the end of 2020, the branch supplied over 10,000 umbrellas in total. In the process, it passed on kindness with its practical actions.



PSBC Shandong Branch staff members and medical representatives planted trees as a symbol of love

CSR Data

Economic Performance



Environmental Performance

Indicator	2018	2019	2020		
Balance of green credit (RMB hundred million) ¹	1,904.05	2,433.01	2,809.36		The personal e-channel transaction ratio in 2020
The personal e-channel transaction ratio (%)	90.44	92.44	95.69		95.69 (%)

Social Performance



Note:

1. The statistics of green credit (loans for energy saving and environmental protection projects and services) for 2018 and 2019 were made according to the Circular of the People's Bank of China on the Establishment of a Special Statistical System for Green Loans (Y.F. [2018] No.10). The statistics of green loans for 2020 was made as per the Circular of the People's Bank of China on the Revision of the Special Statistical System for Green Loans (Y.F. [2019] No.326).

2. The total number of employees refers to the contracted employees (including 1,175 employees in majority-owned subsidiaries) of the Bank, and there were 16,730 dispatched employees.

3. The "public welfare donations" disclosed in 2018 and 2019 were changed to "external donations" in 2020, to maintain consistent with the 2020 Annual Report of the Bank, while the statistics standards remained unchanged from that in 2018 and 2019.

Awards



TOP 22

22nd on the list of Top 1000 World Banks (by tier 1 capital at the end of 2019)



TOP 30

30th on the list of 2020 Forbes Global 2000



TOP 36

36th on the list of Fortune China 500 (by operating income in 2019)

Awards	Issued by
National Green Data Center of 2020	Ministry of Industry and Information Technology, National Development and Reform Commission, Ministry of Commerce, National Government Offices Administration, China Banking and Insurance Regulatory Commission and National Energy Administration
Bank Technology Development Award	The People's Bank of China
Excellent Organizer in Joint Financial Literacy and Education Campaign	CBIRC Financial Rights Protection Bureau
Comprehensive Market Maker with Biggest Progress	China Foreign Exchange Trade System
Best Foreign Currency Trading Member	China Foreign Exchange Trade System
Excellent Money Market Dealer	National Interbank Funding Center
Best Achievements in Inclusive Finance	China Banking Association
Achievements Award for Helping to Win the "Three Critical Battles"	China Banking Association
Advanced Organization for Green Bank Evaluation of the Year	China Banking Association
Outstanding Organization in the Publicity Campaign of "Financial Knowledge on Preventing Gambling and Anti-Gambling"	Payment & Clearing Association of China
Excellent Underwriter of China Bond Green Bond Index Sample Bond	China Central Depository & Clearing Co., Ltd.
Excellent Award for Dedicated Customer Services	China UnionPay
Listed Company with the Best CSR Reputation	China Securities Golden Bauhinia Awards Committee

Awards	Issued by
Excellent Financial Service of the Year	Organizing Committee of China International Financial Exhibition
Recommended Donation Enterprise	Organizing Committee of Internet Good Summit
Best Retail Bank	Global Finance
Top Ten Financial Innovation Institution for Inclusive Finance	Hong Kong Commercial Daily
Special Contribution Award for Fighting COVID-19 in China's Financial Industry	Hong Kong Commercial Daily
Significant Contribution Award for Financial Technology Innovation	Financial Computerizing
Best Development Award	China Banking
Top Ten FinTech Innovation Award	The Chinese Banker
Best Bank for Poverty Alleviation of the Year	Financial Times
The Gamma Award Best Bank of China 2020	Securities Times
The Gamma Award for Bank Wealth Management Brand of the Year	Securities Times
Excellent Risk Control Award of the Year	Caijing Magazine
Asian Excellent Commercial Bank of the Year	21st Century Business Herald
Technology Bank of the Year	21st Century Business Herald
Excellent Chinese Bank of the Year	The Economic Observer
Innovation Award for Micro and Small Business Service of the Year	China Business News
Financial Technology Progress Award of the Year	National Business Daily
State-owned Commercial Bank with Excellent Competitiveness	China Business Journal
Digital Operation Bank of the Year	China Times
Bank of the Year for Ensuring Stability on Six Key Fronts and Maintaining Security in Six Key Areas	China Times
Best Sannong Financial Service Award of the Year	The Beijing News
Pioneer Organization on Targeted Poverty Alleviation	China.com.cn
Financial Institution of the Year	The Paper
Green Finance of the Year	The Paper
Best Responsible Institution	Sina Finance
Outstanding Asset Custody Bank Award	JRJ.com
Excellent Financial Institution of the Year	Hexun.com

ESG Disclosure

This section is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited.

Governance

Continuing to improve corporate governance

The Board of Directors of the Bank attaches great importance to the management of important matters concerning environment, society and governance, makes continuous strides in consumer protection and green bank building, and actively fulfills responsibilities as a large state-owned bank. During the reporting period, the Board of Directors and its affiliated Social Responsibility and Consumer Rights Protection Committee reviewed a total of 12 proposals, including the request to make donations to Hubei Charity Federation, the 2019 Corporate Social Responsibility (Environmental, Social, Governance) Report, the 2019 work report and 2020 work plan for consumer rights protection, the request for increasing the authorization quota for external donations in 2020, the 2019 work report for green bank building, the social responsibility work guidelines and the work plan for carrying out the Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests.

Directors heard special reports from the management on key work areas of the Bank, such as green bank building and consumer protection, and put forward specific opinions and suggestions on how to strengthen complaint management and enhance consumer protection. At the same time, they actively engaged in green finance policy research, attended the review meeting of climate financing projects initiated by commercial banks, and shared experiences with experts from MEE, PBOC, CBIRC and other authorities.

During the reporting period, the Bank held, through such forms as on-site meetings and teleconferences, the results presentations and roadshows for the year of 2019 and the first half of 2020, as well as the 2020 first quarter and third quarter results presentation conference calls. Besides, we attended over 30 online and on-site investor summits at home and abroad, arranged about 40 online surveys of investors and analysts and visits to branches, communicated with more than 1,500 Chinese and foreign investors and analysts at 153 meetings, participated in the 2020 investor open day convened by listed companies in Beijing, and communicated with investors online through the SSE Roadshow platform.

Playing the supervisory role of the Board of Supervisors

The Bank's Board of Supervisors gives full play to its role in corporate governance, effectively strengthens the supervision of CSR-related duty performance of the Board of Directors and the Senior Management, and actively protects the legitimate rights and interests of the Bank, shareholders, employees, creditors and other stakeholders. During the reporting period, the Board of Supervisors reviewed and adopted the 2019 Corporate Social Responsibility (Environmental, Social and Governance) Report, and issued independent opinions on the review of the report which were disclosed in the annual report. At the same time, it paid great attention to the progress and work quality of the Bank's ESG information disclosure improvement, and put forth pertinent supervision suggestions accordingly.

During the reporting period, the Board of Supervisors reviewed the reports on the Bank's efforts to support poverty alleviation, the rural revitalization drive, private businesses and small and micro-sized enterprises, manufacturing and other aspects of work. It heard the reports on key areas such as consumer protection and anti-money laundering (AML), and proposed advice on taking active measures in response to the impacts of the COVID-19 pandemic on key industries and small and medium-sized enterprises. Meanwhile, it, in the annual duty performance appraisal, further highlighted the oversight and evaluation of how the Board of Directors and the Senior Management fulfilled their duties in such domains as CSR, consumer protection and AML.

Pressing ahead with ESG management with coordinated efforts

During the reporting period, the Bank formulated and distributed the social responsibility work guide and the administrative measures for the preparation of the social responsibility (environmental, social, and governance) report, set up a governance framework that consisted of the Board of Directors, the Social Responsibility and Consumer Rights Protection Committee under the Board of Directors, the Senior Management and the Working Group for Social Responsibility Management, and held special meetings and training programs around major ESG matters, regulatory requirements and detailed rules.

Directors participated in training sessions and conferences on a wide range of fields such as macro-environment analysis, risk management, COVID-19 pandemic and strategic response, Internet finance, green bank building,

human resources (HR) and consumer protection. The Working Group for Social Responsibility Management aligned the Bank's practice with the industry standards for ESG in a systematic way, organized the comprehensive ESG training activities covering management, disclosure and action for the next step, pushed ahead with the ESG management, and further improved the quality of ESG information disclosure.

Continuously pushing forward with comprehensive risk management

Pursuing a risk-based approach, the Bank continued to improve the comprehensive risk management system that covered "all aspects, whole process and entire staff", did better in transmitting risk policies, prioritized preventing and dissolving risks in key areas, actively implemented the business tenet of "covering both urban and rural areas and delivering services to the broad masses", and served the development of the real economy with concrete efforts.

The Bank adhered to a prudent and moderate risk appetite, put the advanced capital management approach into operation orderly, accelerated the transformation and upgrading of comprehensive risk management, consolidated and improved the quality and efficiency of professional risk management, and increased the effective integration of risk management with business management activities. We endeavored to build an intelligent risk control team that was aligned with the leading industry standards, and continued to establish an intelligent risk control regime, in hopes of offering quantitative support to risk management throughout the full business life cycle and comprehensively enhancing refinement of risk management. In the meantime, we made solid efforts to wrap up the three-year plan on a critical battle for preventing and resolving major risks, strengthened risk monitoring, mitigation and disposal, and adopted measures to forestall systemic risk.

The Bank incorporated business continuity management into the comprehensive risk management regime, put in place a sound business continuity management system, improved the business continuity management mechanism, organized special emergency drills for important businesses, and conducted regular business continuity management assessment, in an effort to guarantee the continuously stable operation of important businesses across the Bank. The business continuity drills were brought under more rigid management. In 2020, the Bank conducted 331 drills of disaster recovery switch, application, system, network and power supply in total. There was no major systemic failure or information security risk event throughout the year. The availability of important information system reached 99.9991%, a level that could ensure the stable operation of business systems.

Note: 1. Aspect A1: Emissions, Aspect A2: Use of Resources, Aspect A3: Environment and Natural Resources. Please refer to "[Implementing green operations](#)". The Aspect 2.5 is not applicable to the Bank.

Performing auditing supervision duties in earnest

Starting from the mission to empower audits with technology, the Bank rolled out innovative auditing methods, and built up the ability to perform duties. Spearheaded by the auditing principle of "being problem-oriented, risk-oriented, and efficiency-oriented", we strove to promote the implementation of major national strategies and decisions, supervised and improved corporate governance, enhanced business management, and intensified internal control and risk management. While regulating the exercise of power, we paid particular attention to stark issues and major risks, continued to track problem rectification, and played the role of internal audits in supervision, evaluation and consulting efficiently, to safeguard the high-quality development of the Bank.

Environment¹

Aspect A4: Climate Change

The 14th Five-Year Plan period is critical to practicing the concept of green development and forming a new development pattern. It is also an important phase for achieving the goal to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060. Guided by the concept that "lucid waters and lush mountains are invaluable assets", the Bank will vigorously develop green finance, and integrate climate financing into the scope of green finance, in hopes of doing its part to beat the goal of peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060.

Improving corporate governance. The Bank intensified the follow-up research on the policies related to the development plan for 14th Five-Year Plan period, the special plan to address climate change and the action plan to peak carbon emissions, with a view to strengthening top-level design. We attached great importance to green finance and climate financing from the strategic height. Besides, we pushed forward with the building of a green bank and climate-friendly bank, and explored to form a climate investment and financing management system that could meet the characteristics of PSBC.

Optimizing resource allocation. The Bank continued to improve a host of incentive and restraint mechanisms which involved policy and system, performance appraisal, economic capital, internal fund transfer pricing, credit scale and auditing supervision, channeled more resources to these fields, and expanded the customer base. In doing so, we aimed to scale up such business forms as green loans, green financing and green bonds, and maintained our

leading position in terms of green financing growth rate and proportion. Combining with the national policies on building green finance reform and innovation pilot areas, low-carbon cities and climate financing pilot sites on local levels, we actively pressed ahead with the development of green sub-branches, and promoted the experiences and innovative practices drawn upon from green finance pilot sites such as Huzhou of Zhejiang and Huadu of Guangzhou.

Actively launching innovative green finance products that are climate-friendly. The Bank increased communication and cooperation with regulatory authorities, industry associations, peer banks and other institutions, and learned advanced experiences and practices in green finance from home and abroad. In addition to the traditional green finance products, we actively unveiled a large array of innovative financial products such as carbon emission rights-pledged financing, energy efficiency financing, environmental equity-mortgaged/pledged financing, climate bonds, blue bonds, green wealth management and green accounts. Meanwhile, we ramped up collaboration and communication with international institutions including the World Bank and the Asian Development Bank to operate such products as

lending together.

Streamlining asset structure and increasing support for green and low-carbon economy. Spearheaded by the principles of risk controllability and business sustainability, the Bank focused on the two fields of card emission reduction and carbon sink increase to preferentially support such key areas of green finance and climate financing as green transportation, renewable energy, clean energy, green buildings, energy conservation and environmental protection, carbon capture and storage (CCS) as well as afforestation. We implemented the requirements set out by national policies such as the action plan to peak carbon emissions, by strictly controlling the growth rate and proportion of financing to the industries with high pollution, high energy consumption and overcapacity.

Strengthening ESG and climate risk management. Relying on the "Gold Eye" credit risk monitoring system and FinTech, the Bank integrated ESG risk control into the entire credit business process, a move that could reduce the asymmetry of environmental and climate information and improve risk management capabilities continuously.

Society Aspect B1: Employment, Aspect B4: Labor Standards

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. We signed the labor contracts with employees according to law, and clearly stipulated working hours, rest days and vacation, labor protection and working conditions in the labor contract. We fulfilled our obligations as provided in the labor contract, which included guaranteeing the occupational health and safety of employees, paying remuneration on time and in full, arranging reasonable working hours, following the rules of annual vacation with pay, and protecting other rights and interests of employees. As at the end of 2020, we hired neither child labor nor any forced labor.

In terms of talent introduction, the Bank adopted an open and inclusive attitude to talent recruitment. We placed the emphasis on technology talents, and continuously introduced high-end and professional personnel. We encouraged talent teams to enhance their professional competences, continuously diversify the knowledge reserve of professionals, broaden their professional vision, and build the Bank's core competitive edges. We kept improving the

elite personnel selection mechanism, and orderly promoted the formation of talent pools at all levels, a move building up the reserve of personnel as needed by the future transformation and development. During the pandemic, we pursued the flexible talent recruitment and management mechanisms, which included air lectures, online written examinations, online interviews, online orientation and flexible work arrangements, with a view to offering employee attentive care at such a tough time.

In terms of remuneration and benefits management, the Bank pursued a performance and value-oriented approach to determine the remuneration distribution among employees, so as to continuously get more out of the resource input. We explored to establish a market-based compensation mechanism, and improved the existing incentive and restraint mechanism, in an effort to enhance the enthusiasm, initiative and creativity of employees. In accordance with the requirements of national policies, we adhered to the "people-oriented" management philosophy, continued to better the employee benefits management policies, and kept enriching the benefits security systems, thus offering better remuneration and benefits to employees.

Indicator	Unit	Figure
Total number of employees	Person	177,797
Total number of male employees	Person	71,000
Total number of female employees	Person	106,797
Number of contracted employees	Person	177,797
Number of dispatched employees	Person	16,730
Total number of full-time employees	Person	177,797
Total number of part-time employees	Person	0
Number of employees aged 30 or below	Person	38,070
Number of employees aged between 31 and 40	Person	84,882
Number of employees aged between 41 and 50	Person	42,060
Number of employees aged 51 or above	Person	12,785
Number of Head Office employees	Person	5,018
Number of employees in Yangtze River Delta	Person	19,235
Number of employees in Pearl River Delta	Person	19,212
Number of employees in Bohai Rim	Person	26,779
Number of employees in Central China	Person	45,301
Number of employees in Western China	Person	41,385
Number of employees in Northeastern China	Person	20,867
Employee turnover rate	%	1.82
Male employee turnover rate	%	2.05
Female employee turnover rate	%	1.66
Turnover rate of employees aged 30 or below	%	4.74
Turnover rate of employees aged between 31 and 40	%	1.41
Turnover rate of employees aged between 41 and 50	%	0.34
Turnover rate of employees aged 51 or above	%	0.16
Head Office employee turnover rate	%	1.95
Turnover rate of employees in Yangtze River Delta	%	3.22
Turnover rate of employees in Pearl River Delta	%	2.10
Turnover rate of employees in Bohai Rim	%	1.03
Turnover rate of employees in Central China	%	1.29
Turnover rate of employees in Western China	%	2.43
Turnover rate of employees in Northeastern China	%	1.19
Labor contract signing rate	%	100
Male-female ratio in middle- and senior management		4.01:1

Aspect B2: Health and Safety

Strengthening safety education to create a safe production atmosphere

The Bank carried out safety education-themed activities, widely popularized safety knowledge and emergency response skills, and raised the safety awareness among all employees. With all key points requiring particular prevention and control sorted out and examined, we issued risk reminders in a timely manner which greatly guided all employees across the Bank to actively prevent and properly respond to the occurrence of external infringement cases. To enhance the professional skills of security management personnel, we launched a host of campaigns including the "Selection of Security Protection Experts to Form a Talent Pool", the "Performance Evaluation against the Professional Ability Model", and the "Q&A Competition for Security Protection Knowledge".

Carrying out safety training sessions and drills to improve safety incident prevention and response capabilities

To help all employees build up their safety production capabilities, the Bank organized a host of training sessions such as the establishment of "Safe China Post" and "Safe PSBC" units, the alignment of professional competence with specific models and the safety management for the Head Office. Besides, video and telephone conferencing training sessions were delivered to financial security protection personnel as a move to ensure security management tasks and security inspections could be done properly. Heads of tier-2 branches were arranged to attend the on-site training classes in batches, so as to help them perform their duties concerning security management better. Moreover, fire safety training courses and fire drills at work were conducted so that employees could further enhance their fire safety awareness as well as their ability to protect and save themselves from fire accidents.

Aspect B3: Development and Training

The Bank continued to optimize the post and rank hierarchy, diversified the post sequence setting, and provided employees with pathways to career development which could promise vertical promotion and horizontal self-growth. We strengthened job and rank-based recruitment and appointment management, followed the principle of "certification before recruitment", and motivated employees to improve their professional capabilities continuously. At PSBC, we encouraged staff to grow with us together.

The Bank continued to push forward with the talent development and training, and strengthened the building of talent teams on all fronts. Keenly aware of the trends for operation management and business development, we put more emphasis on compliance and risk training, and worked harder to forge a team of high-quality professionals. We took moves to better the personnel training and

Intensifying supervision and inspection to build a strong line of defense

The Bank carried out on-site safety inspections stringently, organized the bank-wide due diligence safety inspections and the supervisory inspection on agency business institutions, and conducted special inspections on fire safety and illegal installation of recording devices on self-service equipment. All of these measures were aimed to maximize production safety. We introduced the policy according to which safety management officers would be selected for both office buildings and floors, standardized the team building of safety officers, and strengthened safety inspections prior to important events and major holidays, with an aim to shore up our safety management capabilities. To fully leverage the functions of off-site safety inspections, we established an off-site inspection mechanism at the Head Office and tier-1 branches, which effectively standardized the daily operations of business personnel and put in place a mature alarm triggering and handling process. At the same time, a special campaign was launched to ensure production safety and present a new look across the Bank, and management agencies and business outlets at all levels screened out and rectified the loopholes hidden in their production activities. Thanks to these moves, we managed to instill a refreshing corporate ethos into employees and create a better working environment for them.

Enhancing the ability of risk prevention through technology

The Bank realized the full coverage of video surveillance for business outlets and self-service equipment. A total of 36 tier-1 branches established their monitoring centers. There formed a centralized video monitoring and alarm receiving/handling system with the monitoring centers of tier-1 branches at the center. We are actively promoting the establishment of network connected monitoring centers for tier-2 branches.

development system in which centralized training courses and remote training sessions are the main part with Party school training, qualification certification and other means of training acting as complements. Besides, we stepped up the development of teachers' courses and mobile learning techniques, and enriched the reserve of teaching resources and the diversity of training platforms, with a view to bolstering the underpinning capabilities of training programs comprehensively.

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 cast a branded training program that comprised three parts: the "voyaging plan" training course targeted at senior executives such as tier-1 branch leaders and Head Office department heads, the "piloting

plan" training course aimed at division heads at the Head Office, and the "sailing plan" training course designed for the newly appointed heads of tier-1 sub-branches. The primary purpose of such a training program was set to help executives raise their political literacy, ability to interpret strategies, and awareness of big picture.

Strengthening the training of professionals with emphasis on professional capability. Through different approaches such as the comprehensive application of employee qualification verification, centralized 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. We promoted the formation of a job qualification certification system, and made sure employees could obtain job qualifications through study, training and certification exams, thus ensuring employees possess professional knowledge and abilities for their jobs.

Strengthening the training of frontline staff with emphasis on service capability. With the improvement of professional competences and vocational skills as the core, outlet tellers were organized to attend daily training courses to improve their capability in delivering counter services. We continued

to give short-time, frequent daily training sessions at a fast speed. Different methods such as remote training and micro-course learning were employed to update employees on regulatory requirements and business norms in a timely and efficient manner. We enriched training courses, strengthened the building of mobile learning platforms, and diversified teaching resources and training platforms, with a view to raising the supporting capabilities of training on all fronts.

Strengthening the training of sales forces with emphasis on marketing capability. Centering on the marketing capability, the Bank helped marketing personnel such as account managers and wealth managers to enhance their market expansion ability, risk identification capability and professional ethics. We gave proper training on business/product knowledge and consumer protection, in an effort to lay a solid foundation for the delivery of customer services. A series of training sessions were offered to prepare employees for sitting examinations and obtaining high-end wealth management certificates such as AFP, CFP and CPB. Through these training courses, wealth managers were expected to improve their professional knowledge, customer service capabilities and marketing skills systematically.

Indicator	Unit	Figure
Total number of employees attending training ¹	Person	193,377
Percentage of employees attending training	%	99.41
Percentage of male employees attending training	%	99.29
Percentage of female employees attending training	%	99.40
Percentage of middle and senior management personnel attending training	%	96.88
Percentage of personnel at other levels attending training	%	99.41
Duration of training per employee	Hour	33.19
Duration of training per male employee	Hour	31.52
Duration of training per female employee	Hour	34.27
Duration of training per employee at middle and senior management	Hour	80.16
Duration of training per employee at any other level	Hour	33.12

Aspect B5: Supply Chain Management

The Bank strictly implemented procurement-related laws and regulations. Spearheaded by the principles of "compliance with laws and regulations, efficiency and integrity, environmental protection and value creation", we continued to improve the procurement management policies, optimized the flow of procurement organization and implementation, refined risk prevention and control

measures, and managed the entire procurement process continuously. In the meantime, we strengthened the top-level design, and set out the requirements for green procurement and fulfillment of social responsibilities by suppliers through introducing and continuously improving the pertinent policies and measures.

The Bank emphasized the fulfillment of social responsibilities, valued work related to social responsibilities, and listed supplier's fulfillment of such responsibilities as an important evaluation indicator in such business steps as qualification access, agreement signing and post-evaluation, in an effort to guide and promote suppliers to jointly perform their social responsibilities in terms of green operation and environmental protection for example. Firstly, given the characteristics of procurement

projects, we reasonably set out the requirements and evaluation standards for green access and environmental management systems certification (ISO14000). Secondly, we required suppliers to sign and implement the Agreement on Energy Conservation, Emission Reduction and Green Environmental Protection and the Letter of Commitment to Integrity. Thirdly, we included environmental protection as one of the scoring indicators for the post-evaluation of goods suppliers.

Indicator	Unit	Figure
Total number of suppliers subject to centralized procurement by the Head Office	/	332
Number of suppliers in Yangtze River Delta	/	75
Number of suppliers in Pearl River Delta	/	30
Number of suppliers in Bohai Rim	/	192
Number of suppliers in Central China	/	14
Number of suppliers in Western China	/	9
Number of suppliers in Northeastern China	/	6
Number of suppliers in Hong Kong, Macao and Taiwan and overseas regions	/	6
Number of suppliers already finishing environmental and social risk assessment	/	332

Aspect B6: Product Responsibility¹

The Bank strictly abided by the applicable laws and regulations including 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, to carry out solid work in the creation, utilization, management and protection of intellectual property on an ongoing basis. We distributed the Intellectual Property Management Measures of Postal Savings Bank of China (Version 2020), which introduced the full-process management of intellectual property and a patent reward mechanism. We encouraged independent innovation and fostered an innovative corporate culture. In 2020, we applied for 40 patent applications, over 120 trademark applications and over 20 applications for software copyright

registration. We worked harder to monitor and identify intellectual property-related legal risks in various business management activities, and actively performed intellectual property protection responsibilities.

Required by the "prevention-first" working principle, the Bank strictly implemented review requirements for the matters that might affect consumers' rights and interests such as business policies, pay items, contract texts and marketing materials. In 2020, the Head Office carried out 1,395 consumer protection reviews and put forward 3,786 comments. The Manual on Key Points of Consumer Protection Review was distributed to the personnel of the Bank engaged in consumer protection as a guide.

Indicator	Unit	Figure
Total number of customer complaints across the Bank	/	151,542
Satisfaction with customer complaint handling	%	97.68%
Customer complaint resolution rate	%	99.78%

Note: 1. Aspect B6.1 and B6.4 are not applicable to the Bank.

Privacy policy

The Bank actively implemented the applicable laws and regulations, including the Cybersecurity Law of the People's Republic of China, the Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests, the Measures for the Determination of the Collection and Use of Personal Information by Apps in Violation of Laws and Regulations and the Information Security Technology—Personal Information Security Specification. We released through various electronic channels such as mobile banking, personal online banking and WeChat banking and strictly abided by the Privacy Policy for Electronic Banking of Postal Savings Bank of China, which covered how the Bank would collect, use, store, protect, share, forward, publicly disclose and manage user information. Both of the above measures attested to our solid efforts in protecting customer privacy properly. The Bank will also promptly revise and update the relevant terms of the privacy policy in accordance with laws and regulations, industry developments and our business operations, in a move to protect customers' information security substantially.

Making strides in protecting payment security and preventing new types of telecommunications fraud

The Bank continued to improve its e-channel risk control capabilities and standards, actively pushed forward with the establishment of an anti-fraud system, enriched e-channel risk control rules, and improved the models for such types of risk as online fraud and gambling. We actively identified and rectified the behaviors related to gambling and fraud. According to the Notice of the People's Bank of China, the Ministry of Public Security, China Banking and Insurance Regulatory Commission, and the State Administration of Foreign Exchange on Jointly Identifying and Eliminating the Risks for the Provision of Payment and Settlement Services to the Cross-border Gambling, Telecommunications Fraud and Other Illegal Activities (Y.F. [2020] No.155), the Head Office and branches of the Bank took joint actions to screen out suspicious accounts, promptly handed over the customers who were confirmed to be suspicious to the local public security authorities, and reported the situations to UnionPay, the NetsUnion Clearing Corporation (NUCC) and the Payment & Clearing Association of China for handling accordingly.

Aspect B7: Anti-corruption

The Bank actively carried out anti-corruption training programs, where integrity was regarded as a compulsory course and an important part of executive and employee training. At PSBC, the vast number of employees and executives were encouraged to thoroughly study and implement the core messages conveyed by President Xi Jinping in his important remarks, instill "Four Consciousnesses" (maintain political integrity, think in big-picture terms, following the leadership core, and keep in alignment with the central Party leadership), shore up the "Four Confidences" (full confidence in the path, theory, system, and culture of socialism with Chinese characteristics), ensure "Two Upholds" (upholding General Secretary Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and upholding the Party Central Committee's authority and its centralized, unified leadership), and set a good example in three aspects (learning the Thought on Socialism with Chinese Characteristics for a New Era, staying highly aligned with the CPC Central Committee, and resolutely carrying out various decisions and plans of the CPC Central Committee), thus laying a solid ideological foundation.

The discipline inspection agencies of the Bank at all levels earnestly implemented the core requirements set out on

the Plenary Sessions of the 19th Central Commission for Discipline Inspection (CCDI). Adhering to "strictness" as the main line, they assisted the Party Committee of the Bank in advancing strict Party governance and strict bank governance, and faithfully performed the responsibilities for supervision, compliance of discipline and accountability. They persistently acted on the eight-point decision set out by the CPC Central Committee, and resolutely opposed formalism and bureaucracy. In their daily supervision, they focused on the fields where problems were prone to occur, solved problems accurately, and kept a tighter grip on the exercise of power. Steadily extended towards the community level, tour inspections functioned better like a sharp sword. The working principles of combining punishments with precautions and addressing both symptoms and roots of problems were followed across the Bank, and the "Two Standards" and "Three Regulations" study sessions and exams were held. A video teleconference on warning education was held for all leaders of the Bank, and the Warning Education Month activity for Party conduct and political integrity was organized to solve problems fundamentally in the form of cases. An integrated mechanism was built under which leaders "don't dare to, are unable to and do not want to commit acts of corruption".

Indicator	Unit	Figure
Number of AML training sessions	/	58,174
Total number of persons attending AML training	/	Nearly 400,000
Total number of anti-corruption training sessions delivered to directors and employees	/	20
Total number of directors and employees attending anti-corruption training	Person	37,375
Duration of anti-corruption training attended by directors and employees	Hour	113,149

Anti-money laundering (AML)

PSBC strictly implemented AML regulatory requirements, practiced the "risk-based" AML philosophy, built up AML governance capabilities, and guarded against money laundering and terrorist financing risks. In 2020, the Bank continued to improve the AML and sanctions compliance policies and systems, with a view to establishing a long-term forward-looking active risk management mechanism. With money laundering risks assessed and managed from three spheres of customers, products and institutions, we stepped up efforts to develop the functions and models of the AML system, thus bringing transactions under more effective monitoring. At the same time, various forms of AML training and publicity activities were carried out across the Bank, so as to help all employees raise their AML compliance awareness and work competence constantly. In 2020, there were no substantial AML risk events, and we successively intercepted 1,235 money laundering risk related cases such as suspected fraud and fake account opening issues. The institutions at all levels organized 58,174 training and transfer training sessions on AML, covering nearly 400,000 person-times, and more than 20,000 people attended the AML post-holder orientation training program that was organized by China Center for Financial Training.

The Bank strengthened the management of the AML, sensitive business and sanctions compliance. We carried out the customer information quality governance at great depth, with the quality of customer information lifted to higher levels. We implemented the money laundering risk assessment of customers and businesses, improved the institutional money laundering risk assessment mechanisms, and identified and strengthened the money laundering risk control measures in high-risk fields.

The Bank optimized the functions of the AML system, further pressed ahead with AML data governance, and improved the quality of basic AML data. We bettered a

complete set of AML and suspicious transaction monitoring modes, ramped up the training and evaluation of suspicious transaction analysis, and boosted the ability of suspicious transaction analysis and judgment, reducing money laundering risks significantly.

An AML awareness month campaign was launched across the Bank with the theme of "refusing to rent, sell and lend bank accounts to others, staying away from illegal activities such as gambling and money laundering". A variety of publicity events close to the public were organized to make known to the masses the hidden nature and dangers of cross-border gambling, telecommunications fraud, illegal fund-raising and other similar illegal behaviors, the social harms caused by renting, selling, and lending bank accounts to others, and the financial knowledge about how to protect personal information. These activities further enhanced the public's AML awareness and helped create a sound discipline in financial market.

Whistle-blowing and the protection of whistle-blowers

During the reporting period, the Bank issued the Rewarding Measures of PSBC for Employees Boycotting, Reporting and Stopping Violations of Laws and Regulations (Version 2020), stipulating that all employees should have the rights and obligations to report the violations of laws and regulations or important clues to such violations to the institutions on their corresponding or superior level and to boycott the orders violating of laws and regulations. At the same time, it was explicitly stipulated in the aforesaid document that the legitimate rights and interests of whistle-blowers should be safeguarded. The actions of attacking and retaliating against whistle-blowers shall be investigated and punished in a timely manner, and necessary measures shall be taken to protect whistle-blowers.

Aspect B8: Community Investment¹

Note: 1. Please refer to "Doing good to society".

Third-party Assurance Report

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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 2020 key data as defined below in the 2020 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 2020 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 credit
- Total number of employees
- Proportion of ethnic minority employees
- Labour contract signing rate
- Male-female ratio in middle- and senior management
- External donations
- Number of outlets
- Number of outlets at county level and below
- Consumption of purchased electricity by the Head Office
- Office water consumption by the Head Office
- The personal e-channel transaction ratio

Our assurance was with respect to year ended 31 December 2020 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2020 SR report.

Criteria

The criteria used by the Bank to prepare the selected key data in the 2020 SR report is set out in the basis of reporting of the key data (the "basis of reporting") after this assurance report.

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The Board of Directors' Responsibilities

The Board of Directors of the Bank is responsible for the preparation of the selected key data in the 2020 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 2020 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 2020 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 2020 selected key data in the 2020 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 2020 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 Beijing Branch of the Bank. We have not conducted work in other branches.

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- 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) Recalculations; 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 2020 selected key data in the 2020 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 29, 2021

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 RMB 10 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 credit (RMB hundred million): The term disclosed herein refers to the loan balances of total investment on energy-saving and environmental protection, cleaner production, clean energy, ecosystem, green upgrade of infrastructure and green service field.

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–female ratio in middle- and senior management : The term disclosed herein refers to the ratio of male and female employees in middle and senior management which include the following:

- 1) Leaders of the head office, directors, supervisors and senior management staff (excluding employee supervisors);
- 2) Leaders of institutions directly under and departments of the head office: general managers (vice chairman, directors), deputy general managers (vice directors), assistant general managers (assistants to directors), and experts;
- 3) Leaders of dispatched agencies of the head office: directors and vice directors of regional offices of the Audit Department

4) Leaders of tier-one branches: senior managers, president, secretary of Party committee, managers, vice president, Party committee members, secretary of Party Discipline committee, chairman of labour union, chief auditor;

5) Leaders of holding subsidiaries: senior managers, chairman of the board, secretary of Party committee, chairman of the board of supervisors, general managers, deputy general managers, Party committee members, secretary of Party Discipline committee, and chairman of labour union;

6) Leaders of the preparatory group of PSBC online.

External donations (RMB ten thousand): The term disclosed herein refers to the total amount of donation expenditures of Postal Savings Bank of China Co., Ltd. (including holding subsidiaries).

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.

Consumption of purchased electricity by 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 and Kunlun office area.

Office water consumption by 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, Ximeng office area and Kunlun office area.

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

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102-8 Information on employees and other workers	Responsibility management Enhancing employees' occupational well-being
102-9 Supply chain	ESG disclosure
102-10 Significant changes to the organization and its supply chain	Implementing green operations
102-11 Precautionary principle or approach	Supporting small and medium-sized enterprises Strictly ensuring information security
102-12 External initiatives	About this report
102-13 Membership of associations	Social recognition
Strategy 102-14 Statement from senior decision-maker	Message from the chairman
102-15 Key impacts, risks and opportunities	Message from the chairman
Ethics and Integrity 102-16 Values, principles, standards and norms of behavior	Responsibility management
102-17 Mechanisms for advice and concerns about ethics	Responsibility management
102-18 Governance structure	ESG disclosure
102-19 Delegating authority	ESG disclosure
102-20 Executive-level responsibility for economic, environmental, and social topics	ESG disclosure
102-21 Consulting stakeholders on economic, environmental and social topics	ESG disclosure
102-22 Composition of the highest governance body and its committees	ESG disclosure
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	ESG disclosure
102-27 Collective knowledge of highest governance body	Message from the chairman ESG disclosure Responsibility management
102-28 Evaluating the highest governance body's performance	Refer to the annual report
102-29 Identifying and managing economic, environmental, and social impacts	ESG disclosure Responsibility management

Standard number and description	Note
102-30 Effectiveness of risk management processes	Strictly ensuring information security
102-31 Review of economic, environmental and social topics	ESG disclosure
102-32 Highest governance body's role in sustainability reporting	ESG disclosure
102-33 Communicating critical concerns	ESG disclosure
102-34 Nature and total number of critical concerns	ESG disclosure
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
Responsible Management 102-40 List of stakeholder groups	
102-41 Collective bargaining agreements	
102-42 Identifying and selecting stakeholders	ESG disclosure
102-43 Approach to stakeholder engagement	ESG disclosure
102-44 Key topics and concerns raised	ESG disclosure
Stakeholder Engagement 102-45 Entities included in the consolidated financial statements	Refer to the annual report
102-46 Defining report content and topic Boundaries	ESG disclosure
102-47 List of material topics	Responsibility management
102-48 Restatements of information	
102-49 Changes in reporting	About this report
102-50 Reporting period	About this report
102-51 Date of most recent report	March 25, 2020
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 content index
102-56 External assurance	Third-party assurance report
GRI 103 Management Approach 103-1 Explanation of the material topic and its Boundary	Responsibility management
103-2 The management approach and its components	ESG disclosure
103-3 Evaluation of the management approach	ESG disclosure
GRI 201 Economic Performance Management Approach	Facilitating economic transformation
201-1 Direct economic value generated and distributed	CSR Data
201-2 Financial implications and other risks and opportunities due to climate change	Developing green finance
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 Impact	Management Approach
	203-1 Infrastructure investments and services supported
	203-2 Significant indirect economic impacts
GRI 204 Procurement Practices	Management Approach
	204-1 Proportion of spending on local suppliers
GRI 205 Anti-corruption	Management Approach
	205-1 Operations assessed for risks related to corruption
	205-2 Communication and training about anti-corruption policies and procedures
GRI 206 Anti-competitive Behavior	Management Approach
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
	Management Approach
GRI 301 Materials	N/A
	301-1 Materials used by weight or volume
	301-2 Recycled input materials used
GRI 302 Energy	301-3 Reclaimed products and their packaging materials
	Management Approach
	302-1 Energy consumption within the organization
	302-2 Energy consumption outside of the organization
	302-3 Energy intensity
	302-4 Reduction of energy consumption
GRI 303 Water	302-5 Reductions in energy requirements of products and services
	Management Approach
	303-1 Water withdrawal by source
	303-2 Water sources significantly affected by withdrawal of water
GRI 304 Biodiversity	303-3 Water recycled and reused
	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
	304-3 Habitats protected or restored
GRI 305 Emissions	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations
	Developing green finance

Standard number and description	Note
GRI 305 Emissions	Management Approach
	305-1 Direct (Scope 1) GHG emissions
	305-2 Energy indirect (Scope 2) GHG emissions
	305-3 Other indirect (Scope 3) GHG emissions
	305-4 GHG emissions intensity
	305-5 Reduction of GHG emissions
	305-6 Emissions of ozone-depleting substances (ODS)
GRI 306 Effluents and Waste	305-7 Nitrogen oxides (NO _x), sulfur oxide (SO _x), and other significant air emissions
	Management Approach
	306-1 Water drainage by quality and destination
	306-2 Waste by type and disposal method
	306-3 Significant spills
GRI 307 Environmental Compliance	306-4 Transport of hazardous waste
	306-5 Water bodies affected by water drainage and/or runoff
	Management Approach
GRI 308 Supplier Environmental Assessment	Implementing green operations
	307-1 Non-compliance with environmental laws and regulations
	Management Approach
GRI 401 Employment	ESG disclosure
	308-1 New suppliers that were screened using environmental criteria
	308-2 Negative environment impacts in the supply chain and actions taken
GRI 402 Labor/Management Relations	Management Approach
	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
GRI 403 Occupational Health and Safety	401-3 Parental leave
	Management Approach
	402-1 Minimum notice periods regarding operational changes
	Management Approach
GRI 404 Training and Education	Enhancing employees' occupational well-being
	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
GRI 405 Diversity and Equal Opportunity	403-4 Health and safety topics covered in formal agreements with trade unions
	Management Approach
	404-1 Average hours of training per year per employee
GRI 406 Community Engagement	ESG disclosure
	404-2 Programs for upgrading employee skills and transition assistance programs
GRI 407 Product and Service Responsibility	404-3 Percentage of employees receiving regular performance and career development reviews
	Management Approach
GRI 408 Supply Chain Management	ESG disclosure
	405-1 Diversity of governance bodies and employees
GRI 409 Risk Management	ESG disclosure
	405-2 Ratio of basic salary and remuneration of women to men

Standard number and description	Note
GRI 406 Non-discrimination	Management Approach 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 408-1 Operations and suppliers at significant risk for incidents of child labor
GRI 409 Forced or Compulsory Labor	Management Approach 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor
GRI 410 Security Practices	Management Approach 410-1 Security personnel trained in human rights policies or procedures
GRI 411 Rights of Indigenous Peoples	Management Approach 411-1 Incidents of violations involving rights of indigenous peoples
GRI 412 Human Rights Assessment	Management Approach 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 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
GRI 414 Supplier Social Assessment	Management Approach 414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken
GRI 415 Public Policy	Management Approach 415-1 Political contributions
GRI 416 Customer Health and Safety	Management Approach 416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services
GRI 417 Marketing and Labeling	Management Approach 417-1 Requirements for product and service information and labeling 417-2 Incidents of non-compliance concerning product and service information and labeling 417-3 Incidents of non-compliance concerning marketing communications
GRI 418 Customer Privacy	Management Approach 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data
GRI 419 Socioeconomic Compliance	Management Approach 419-1 Non-compliance with laws and regulations in the social and economic area

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