中国邮政储蓄银行
POSTAL SAVINGS BANK OF CHINA

Green world better life

2024 Annual Report

Postal Savings Bank of China Co., Ltd.

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

Stock Code: 1658

Five Priorities

Technology Finance

The Bank served over **90,000** sci-tech enterprises, with a financing balance of over RMB**500** billion.

Inclusive Finance

The balance of agro-related loans amounted to RMB**2.29** trillion.

The balance of inclusive loans to MSEs amounted to RMB**1.63** trillion.

Green Finance

The Bank completed carbon accounting for over **10,000** enterprises.

The balance of green loans amounted to RMB**781,732** million, up by **22.55**% over the prior year-end.

Pension Finance

The Bank served over **280** million middle-aged and elderly customers.

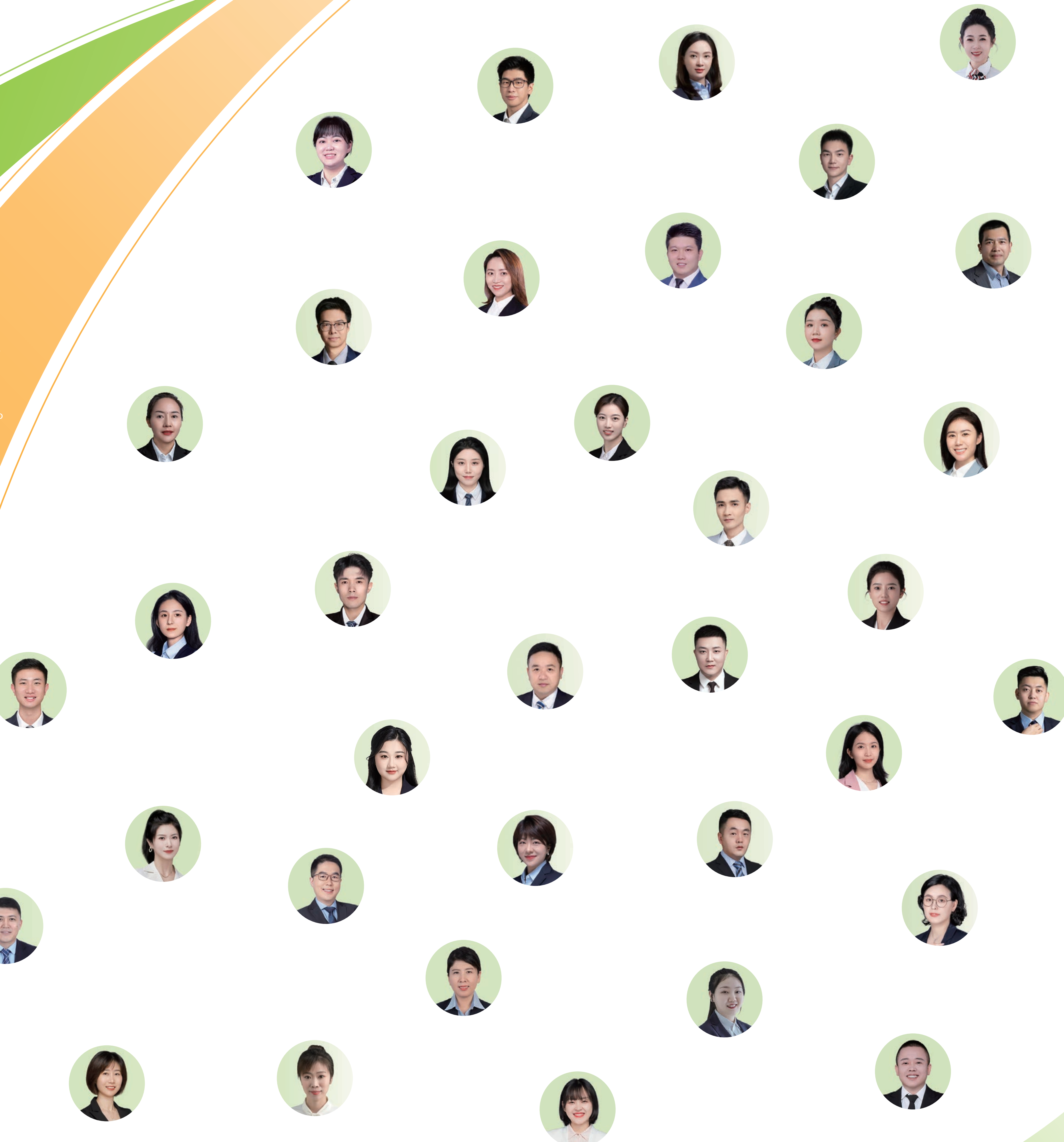
The number of financial social security cards in circulation exceeded **120** million.

The Bank has fully promoted the personal pension system and launched the 95580 "dedicated hotline for the elderly".

Digital Finance

The Bank had **378** million personal mobile banking customers.

The number of monthly active users of mobile banking reached **81.84** million.



Important Notice

The Board of Directors, the Board of Supervisors, Directors, Supervisors and the senior management of the Bank undertake that the information in this report is true, accurate and complete and contains no false records, misleading statements or material omissions, and they assume individual and joint legal liabilities for such information.

The 2024 annual report, highlights and results announcement were reviewed and approved at the meeting of the Board of Directors of the Bank held on March 27, 2025. The number of Directors who should attend the meeting is 15, among which 14 Directors attended the meeting in person. Yu Mingxiong, Director, due to other work arrangements, designated Han Wenbo, Director, in writing as his proxy to attend the meeting and vote on his behalf. The attendance was in compliance with the requirements of the Company Law of the People's Republic of China and the Articles of Association.

In accordance with the Company Law of the People's Republic of China, the Administrative Measures for Provisioning of Financial Enterprises, the Articles of Association and relevant requirements, the final cash dividends for 2024 totaling approximately RMB11,294 million (before tax) will be distributed to all ordinary shareholders whose names appeared on the share register on the record date at RMB1.139 (before tax) per ten ordinary shares. Together with the interim cash dividends for 2024 already paid, the total cash dividends for the whole year of 2024 will be approximately RMB25,941 million (before tax) at RMB2.616 (before tax) per ten ordinary shares. The Bank did not convert its capital reserve to share capital in 2024. The aforesaid profit distribution scheme is subject to review and approval at the 2024 Annual General Meeting. For details of the Bank's profit during the reporting period, please refer to "Discussion and Analysis – Analysis of Financial Statements".

During the reporting period, there was no misappropriation of the Bank's funds by its controlling shareholder or other related parties for non-operating purposes and no material guarantee business that violated the applicable regulations and procedures.

The financial report of the Bank for the year 2024, prepared in accordance with PRC GAAP and IFRSs, has been audited by KPMG Huazhen LLP and KPMG in accordance with domestic and international auditing standards respectively with unqualified auditor's reports issued.

The Board of Directors of Postal Savings Bank of China Co., Ltd.
March 27, 2025

Mr. Zheng Guoyu, Legal Representative of the Bank, Mr. Xu Xueming, Vice President in charge of finance of the Bank, and Ms. Deng Ping, General Manager of Finance and Accounting Department of the Bank, hereby declare and warrant the truthfulness, accuracy and completeness of the financial statements contained in this report.

This report contains forward-looking statements on the Bank's financial position, business performance and development. These statements are based on existing plans, estimates and forecasts and may involve future plans which do not constitute any substantive commitments to investors by the Bank. Hence, investors and persons concerned shall be fully aware of the risks and understand the difference among plans, estimates and commitments.

During the reporting period, the Bank was not aware of any material risk that would adversely affect its future development strategies and business targets. The Bank proactively took measures to effectively manage all kinds of risks. Please refer to "Discussion and Analysis – Risk Management" for details.

This report is prepared in both Chinese and English. In case of discrepancy between the two versions, the Chinese version shall prevail.

Contents

Columns

Definitions

"Articles of Association"	The Articles of Association of Postal Savings Bank of China Co., Ltd., as amended, supplemented or otherwise modified from time to time
"Bank/PSBC/Postal Savings Bank of China"	Postal Savings Bank of China Co., Ltd., a joint stock limited liability company established in the PRC in accordance with PRC laws, including its predecessors, branches and sub-branches, directly-operated outlets and agency outlets (to the extent of agency outlets' operations, risk management and licenses in relation to agency banking businesses they conduct) and subsidiaries (where the context so requires)
"central bank/PBC"	People's Bank of China
"China Post Group"	China Post Group Corporation Limited, a wholly state-owned company restructured from the former China Post Group Corporation in accordance with the Company Law of the People's Republic of China, is the controlling shareholder of the Bank
"CSRC"	China Securities Regulatory Commission
"Group"	The Bank and its subsidiaries
"HKEX"	Hong Kong Exchanges and Clearing Limited
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRSs"	International Financial Reporting Standards and the related amendments and interpretations issued by the International Accounting Standards Board
"Latest Practicable Date"	March 27, 2025, being the latest practicable date prior to the printing of this report for ascertaining certain information contained herein
"MOF"	Ministry of Finance of the PRC
"NFRA/former CBIRC/ former CBRC"	National Financial Regulatory Administration or its predecessors, i.e. the former China Banking and Insurance Regulatory Commission, or the former China Banking Regulatory Commission (where the context so requires)
"new rules on capital management"	Rules on Capital Management of Commercial Banks and other related regulations
"PRC GAAP"	The Accounting Standards for Business Enterprises issued by the MOF on February 15, 2006, and other related regulations issued thereafter
"PSBC Consumer Finance"	PSBC Consumer Finance Co., Ltd.
"PSBC Wealth Management"	PSBC Wealth Management Co., Ltd.
"Sannong"	Agriculture, rural areas and farmers
"SFO"	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"SMEs"	Enterprises classified as micro, small and medium-sized enterprises under the Classification Standards of Small and Medium Enterprises
"SSE"	Shanghai Stock Exchange
"SSE Listing Rules"	Rules Governing the Listing of Stocks on Shanghai Stock Exchange, as amended, supplemented or otherwise modified from time to time
"YOU+ BANK"	YOU+ BANK, a direct bank subsidiary set up by the Bank

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 an arithmetic aggregation of the figures preceding them.

Company Profile

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. The Bank was transformed into a joint stock limited liability company in January 2012. The Bank went public and was listed on the Hong Kong Stock Exchange in September 2016. The Bank was listed on the SSE in December 2019.

The Bank is one of China's leading large-scale retail banks, firmly focusing on serving Sannong customers, urban and rural residents and SMEs. Relying on its unique model and resource endowment featuring directly-operated outlets and agency outlets, it is committed to meeting the financial needs of the most promising customers during China's economic transformation. At the end of 2024, the Bank had approximately 40,000 outlets and served over 670 million personal customers, continuing to maintain excellent asset quality and an increasingly prominent market presence.

The Bank thoroughly implements national strategies, continues to improve the quality and efficiency in serving the real economy, strives for building PSBC into a main force for rural revitalization, the benchmark in inclusive finance and an emerging force in technology finance, and actively acts as a pioneer in green finance. It adheres to the customer-centric philosophy, prioritizes value creation for its customers, continuously improves a financial service system where online and offline services connect with each other for joint development, providing customers with quality, convenient and efficient integrated financial services. It adheres to the risk-based approach as well as a prudent and sound risk appetite, improves the risk management framework that covers "all aspects, whole process, all time and all places", and enhances the leading role of risk management on all fronts. It continues to follow the operation philosophy of "gaining a first-mover advantage with market insights", takes bold action in innovation and reform, deepens capacity building, upholds refined management and strives for high-quality development.

Faced with the new requirements of the new era and new journey for the financial work, the Bank will thoroughly implement the new development philosophy, deeply understand the political and people-oriented nature of financial work, and be committed to fulfilling its political, economic and social responsibilities as a major state-owned bank. The Bank will press ahead with "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance by keeping pace with the times and upholding principles while innovating, thus driving strategic upgrades, reforms, innovation and risk control improvements, as well as enhancing its endogenous capabilities. The Bank will endeavor to become a first-tier large retail bank which is trustworthy, distinctive, prudent, safe, innovative, and with remarkable value, and strive to create a new chapter of high-quality development.

Strategic Positioning and Corporate Culture

In 2024, the Bank adhered to the people-centered values and prioritized serving the real economy as the fundamental purpose, with the prevention and control of financial risks as an enduring task. Centering around the strategic objectives and guidelines of the 14th Five-Year Plan, the Bank made efforts in areas such as technology finance, green finance, inclusive finance, pension finance and digital finance. It was committed to building a healthy and balanced development model, continuously creating new momentum and advantages, improving overall competitiveness, and enhancing development resilience.

The Bank was committed to building itself as the main force for rural revitalization, the benchmark in inclusive finance to strengthen its inclusive service capabilities.

Based on the daily production and operation scenarios and financial needs of SMEs, the Bank innovated product offerings and provided customers with comprehensive services, including financing, payment and settlement and wealth management, etc.

The Bank was committed to becoming a driving force in technology finance to accelerate the establishment of technology finance advantages.

Focusing on the all-around financial needs of sci-tech enterprises, the Bank aimed to create a multi-layered fintech service institution system, enrich the future-oriented model, and build the "U Prosper" sci-tech finance product and service system, with a focus on serving high-growth sci-tech enterprises with strong technical capabilities and great growth potential.

The Bank was committed to acting as a pioneer in green finance to enrich green finance product offerings.

The Bank improved resource allocation to provide preferential interest rates for projects with significant carbon reduction benefits. The Bank was increasing credit supply in areas such as green manufacturing, green transportation, green buildings, and energy conservation and environmental protection to support the development of green finance.

The Bank built a caring system for pension services to continuously deepen the pension finance service system.

The Bank comprehensively constructed a three-dimensional pension finance system featuring "three horizontal layers and three vertical lines", established personal pension product and service system featuring "one account, two sections, three calculations, four types of products, and multiple privileges and benefits" and launched the personal pension service brand "U Enjoy Future".

The Bank was committed to building a digital ecosystem-based bank to accelerate digital and intelligent transformation.

The Bank accelerated the deep integration of business and technology, breaking the traditional "siloed" product development model, and forming a business support capability that is open, shared, scenario-based and intelligent.

中国邮政储蓄银行
POSTAL SAVINGS BANK OF CHINA

Values

Create value for customers.

Integrity is the cornerstone of our development.

Prudence leads to sustainability.

Employees are our greatest asset.

Excellence comes through professionalism.

Embrace change and keep innovating.

Strategic Vision

Build a first-tier large retail bank which is trustworthy, distinctive, prudent, safe, innovative, and with remarkable value.

Company Spirit

Be responsible, resilient and caring

Strategic Objectives

Empower high-quality development with financial technology, accelerate transformation of business models, build a smart risk control system, and enhance value creation ability to be a leading digital ecology bank serving the rural revitalization and new urbanization.

Brand Premise

Together we make it better

Mission

Deliver accessible financial services in both urban and rural areas.

Company Philosophies

Management philosophy:	Keep it simple and reduce administrative burden.
Business philosophy:	Gain a 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:	Devote our heart and soul to 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 a shared future.

Corporate Information

Legal name in Chinese	中國郵政儲蓄銀行股份有限公司("中國郵政儲蓄銀行")
Legal name in English	POSTAL SAVINGS BANK OF CHINA CO., LTD. ("PSBC")
Legal representative	Zheng Guoyu
President	Liu Jianjun
Authorized representatives	Yao Hong, Du Chunye
Secretary to the Board of Directors	Du Chunye Address: No. 3 Financial Street, Xicheng District, Beijing Telephone: 86-10-68858158 Fax: 86-10-68858165 E-mail: psbc.ir@psbcoa.com.cn
Registered address and place of business	No. 3 Financial Street, Xicheng District, Beijing
Principal place of business in Hong Kong	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, Hong Kong
Contacts for investors	Postal code: 100808 Telephone: 86-10-68858158 Fax: 86-10-68858165 E-mail: psbc.ir@psbcoa.com.cn Websites: www.psbcltd.cn, www.psbc.com
Hotline for customer services and complaints	86-95580
Information disclosure media	China Securities Journal (www.cs.com.cn), Shanghai Securities News (www.cnstock.com), Securities Times (www.stcn.com), Securities Daily (www.zqrb.cn)
Annual report available at	Office of the Board of Directors of the Bank No. 3 Financial Street, Xicheng District, Beijing
Unified social credit code	9111000071093465XC
A share listing place, stock name, stock code and website for report publication	Stock exchange on which shares are listed: Shanghai Stock Exchange Stock name: 郵儲銀行 Stock code: 601658 Share Registrar: China Securities Depository and Clearing Corporation Limited, Shanghai Branch 188 Yanggao South Road, Pudong New Area, Shanghai Website of Shanghai Stock Exchange for report publication: www.sse.com.cn

H share listing place, stock name, stock code and website for report publication	Stock exchange on which shares are listed: The Stock Exchange of Hong Kong Limited Stock name: PSBC Stock code: 1658 Share Registrar: Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong Website of HKEX for report publication: www.hkexnews.hk
Legal advisor as to laws of the Chinese mainland	Haiwen & Partners
Legal advisor as to laws of Hong Kong, PRC	Clifford Chance LLP
Domestic auditor	KPMG Huazhen LLP Place of business: 8/F, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC Signing accountants: He Qi, Ye Hongming, Shi Jian
International auditor	KPMG Place of business: 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong, the PRC Signing accountant: Lee Lok Man
Sponsors for continuous supervision and guidance	China International Capital Corporation Limited Place of business: 27th and 28th Floor, China World Office 2, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing Signing sponsors: Zhu Xiaofei, Chen Xue Period of continuous supervision and guidance: December 10, 2019 to December 31, 2024 China Post Securities Co., Ltd. Place of business: 2nd Floor, Tower C, Joiest Group Building, No. 14 Zhushikou East Street, Dongcheng District, Beijing Signing sponsors: Wang Huamin, Ma Qingrui Period of continuous supervision and guidance: November 11, 2022 to December 31, 2024

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

Rankings and Awards

Rankings

2024 Top 1000 World Banks

12th

(in terms of tier 1 capital at the end of the prior year)
The Banker

The World's Top 500 Most Valuable Brands in 2024

106th

Brand Finance

Awards and Honors

- Excellent Service Case for National Specialized and Sophisticated Enterprises Conference
  Ministry of Industry and Information Technology
- First Prize of FinTech Development Award
  PBC
- Outstanding Participating Institution of Digital Supply-Chain Finance Platform
  China National Clearing Center, PBC
- Advanced Organization in Green Bank Evaluation
  China Banking Association
- Best Case for Boards of Directors of Public Companies
  Best Case for Office of the Board of Directors of Public Companies
  Best Case for Sustainable Development of Public Companies
  China Association for Public Companies
- Outstanding Bond Underwriting Institution
  Outstanding Asset Custody Institution
  Excellent Institutional Investor of ChinaBond Green Bond Index
  China Central Depository & Clearing Co., Ltd.
- Outstanding Comprehensive Business Institution
  Shanghai Commercial Paper Exchange Corporation Ltd.
- Operational Excellence Award
  China UnionPay
- Annual Excellence Award for Corporate Online Banking
  China Financial Certification Authority
- Global Green Finance Award of the Year
  International Finance Forum
- Model Case of Digital Transformation of "Digital Intelligence Impact"
  China International Fair for Trade in Services
- Best Information Disclosure Award
  Best Capital Market Communication Award
  Roadshow China
- Top 10 Best Employers in China 2024
  Institute of Social Science Survey of Peking University and Beijing Wangpin Information Technology Co., Ltd.
- Best SME Services Bank
  Global Finance
- Case for High-Quality Financial Development
  People's Daily
- Financial Product and Service Innovation Award
  Data-Driven Financial Innovation Award
  Financial Computerizing
- Excellent Institution of Financial Innovation of the Year
  The Chinese Banker
- Excellent Case for Financial Consumer Protection
  China Banking and Insurance News
- The Gamma Award for High-Quality Development Bank of the Year
  The Gamma Award for Inclusive Financial Services Bank of the Year
  Securities Times
- Banking Wealth Management Brand Award of the Year
  Shanghai Securities News
- Outstanding Commercial Bank of the Year
  Financial Institution Serving New Quality Productive Forces of the Year
  21st Century Business Herald
- Retail Bank of the Year
  China Business News
- Outstanding Retail Bank of the Year
  National Business Daily
- Financial Enterprise with High-Quality Development of the Year
  The Paper

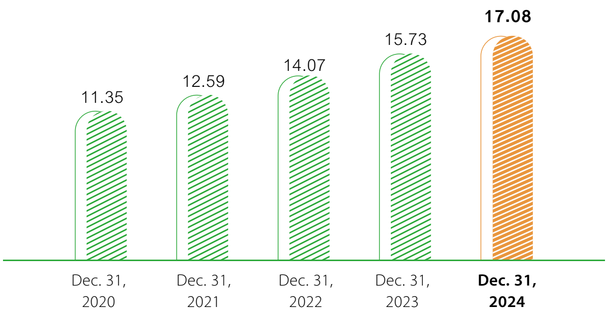
Financial Highlights

The financial data and indicators in this report have been prepared in accordance with the IFRSs. Unless otherwise specified, they are consolidated data of the Bank and its subsidiaries and denominated in Renminbi.

Total assets

(In RMB trillion)

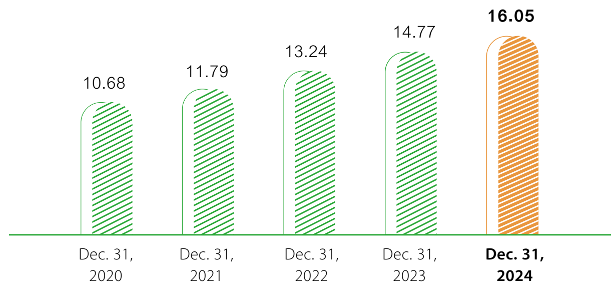
Increase from prior year-end
8.64%



Total liabilities

(In RMB trillion)

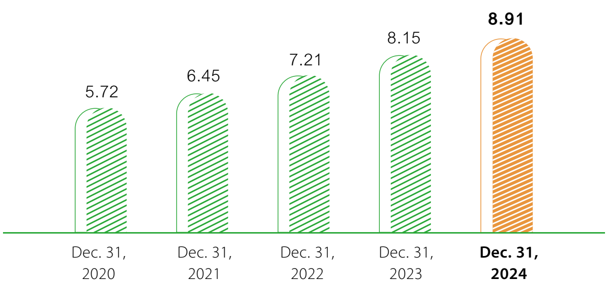
Increase from prior year-end
8.69%



Total loans to customers

(In RMB trillion)

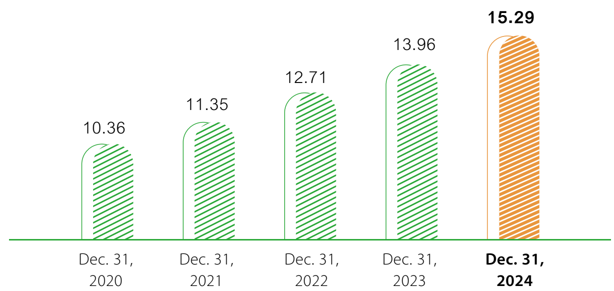
Increase from prior year-end
9.38%



Customer deposits

(In RMB trillion)

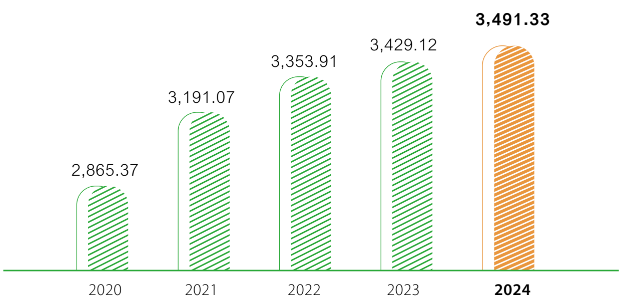
Increase from prior year-end
9.54%



Operating income

(In RMB100 million)

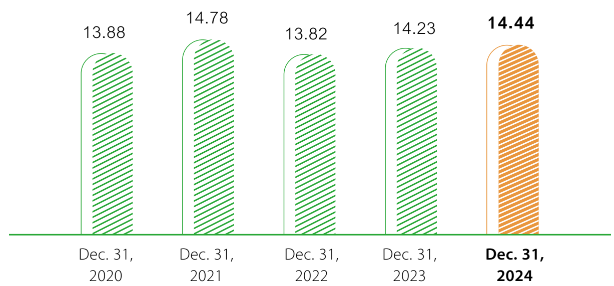
Year-on-year increase
1.81%



Capital adequacy ratio

(%)

Increase from prior year-end
0.21 percentage point



Financial Highlights

Key Financial Data

In RMB million, unless otherwise stated

Item	2024	2023	2022	2021	2020
Operating results					
Operating income	349,133	342,912	335,391	319,107	286,537
Net interest income	286,123	281,803	273,593	269,382	253,378
Net fee and commission income	25,282	28,252	28,434	22,007	16,495
Operating expenses	226,096	225,142	208,680	190,995	167,984
Credit impairment losses	28,423	26,167	35,328	46,638	50,398
Profit before income tax	94,592	91,599	91,364	81,454	68,136
Net profit	86,716	86,424	85,355	76,532	64,318
Net profit attributable to equity holders of the Bank	86,479	86,270	85,224	76,170	64,199
Net cash flows generated from operating activities	397,276	263,337	474,914	109,557	161,772
Per share data (in RMB Yuan)					
Basic and diluted earnings per share[(1)]	0.81	0.83	0.85	0.78	0.71

Note (1): Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by the CSRC. There are no potential diluted ordinary shares of the Bank, so the diluted earnings per share is the same as the basic earnings per share. The impact of other equity instruments is excluded in the calculation of relevant indicators.

In RMB million, unless otherwise stated

Item [1]	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Data as at the end of the reporting period					
Total assets	17,084,910	15,726,631	14,067,282	12,587,873	11,353,263
Total loans to customers [2]	8,913,202	8,148,893	7,210,433	6,454,099	5,716,258
Allowance for impairment losses on loans to customers [3]	229,058	233,648	232,723	216,900	203,897
Loans to customers, net	8,684,144	7,915,245	6,977,710	6,237,199	5,512,361
Financial investments [4]	6,004,127	5,387,588	4,958,899	4,348,620	3,914,650
Cash and deposits with central bank	1,314,703	1,337,501	1,263,951	1,189,458	1,219,862
Total liabilities	16,053,261	14,770,015	13,241,468	11,792,324	10,680,333
Customer deposits [2]	15,287,541	13,955,963	12,714,485	11,354,073	10,358,029
Equity attributable to equity holders of the Bank	1,029,669	954,873	824,225	794,091	671,799
Net capital [5]	1,244,111	1,165,404	1,003,987	945,992	784,579
Net Common Equity Tier 1 (CET1) capital [5]	824,191	780,106	679,887	635,024	542,347
Net additional tier 1 capital [5]	200,141	170,152	140,126	157,982	127,954
Risk-weighted assets [5]	8,617,743	8,187,064	7,266,134	6,400,338	5,651,439
Per share data (in RMB Yuan)					
Net assets per share [6]	8.37	7.92	7.41	6.89	6.25

Note (1): In accordance with the relevant regulations under the Notice on Amending the Format of Financial Statements for Financial Enterprises in 2018 (Cai Kuai [2018] No. 36) issued by the MOF, from 2018 onward, the interest on corresponding assets and liabilities is included in the balance of carrying amounts of the financial instruments accordingly, and should no longer be accounted for as separate items of "interest receivable" or "interest payable". The balance of "interest receivable" or "interest payable" listed under "other assets" or "other liabilities" is only interest receivable or interest payable on relevant matured financial instruments but not received nor paid on the balance sheet date.

Note (2): For ease of reference, "loans to customers" refers to "loans and advances to customers" and "customer deposits" refers to "deposits from customers" in this report.

Note (3): Allowance for impairment losses on loans to customers measured at amortized cost.

Note (4): Consists of financial assets measured at fair value through profit or loss, debt instruments measured at fair value through other comprehensive income, equity instruments measured at fair value through other comprehensive income, and financial assets measured at amortized cost.

Note (5): Calculated in accordance with the Rules on Capital Management of Commercial Banks starting from 2024, while the comparison period data of previous years was calculated in accordance with the Rules on Capital Management of Commercial Banks (Provisional).

Note (6): Calculated by dividing equity attributable to ordinary shareholders of the Bank at the end of the period by the total number of ordinary shares at the end of the period.

Financial Highlights

Financial Indicators

Item	2024	2023	2022	2021	2020
Profitability (%)					
Return on average total assets (1)	0.53	0.58	0.64	0.64	0.60
Return on weighted average equity (2)	9.84	10.85	11.89	11.86	11.84
Net interest margin (3)	1.87	2.01	2.20	2.36	2.42
Net interest spread (4)	1.85	1.99	2.18	2.30	2.36
Net fee and commission income to operating income ratio	7.24	8.24	8.48	6.90	5.76
Cost-to-income ratio (5)	64.01	64.87	61.44	59.08	57.86

Note (1): Calculated by dividing net profit by the average of total assets at the beginning and at the end of the reporting period.

Note (2): Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by the CSRC. The impact of other equity instruments is excluded in the calculation of relevant indicators.

Note (3): Calculated by dividing net interest income by the average balance of interest-earning assets.

Note (4): Calculated by the spread between yield on average balance of interest-earning assets and cost on average balance of interest-bearing liabilities.

Note (5): Calculated by dividing operating expenses (less taxes and surcharges) by operating income.

Item	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Asset quality (%)					
Non-performing loan ratio (1)	0.90	0.83	0.84	0.82	0.88
Allowance to NPLs ratio (2)	286.15	347.57	385.51	418.61	408.06
Allowance to loans ratio (3)	2.58	2.88	3.26	3.43	3.60
Capital adequacy ratio (%) (4)					
CET1 capital adequacy ratio (5)	9.56	9.53	9.36	9.92	9.60
Tier 1 capital adequacy ratio (6)	11.89	11.61	11.29	12.39	11.86
Capital adequacy ratio (7)	14.44	14.23	13.82	14.78	13.88
Risk-weighted assets to total assets ratio (8)	50.44	52.06	51.65	50.85	49.78
Total equity to total assets ratio	6.04	6.08	5.87	6.32	5.93

Note (1): Calculated by dividing the total NPLs by total loans to customers, and the total loans exclude the accrued interest.

Note (2): Calculated by dividing total allowance for impairment losses on loans to customers by total NPLs. Total allowance for impairment losses on loans to customers includes allowance for impairment losses on loans to customers measured at amortized cost and allowance for impairment losses on loans to customers measured at fair value through other comprehensive income.

Note (3): Calculated by dividing total allowance for impairment losses on loans to customers by total loans to customers. The total loans exclude the accrued interest.

Note (4): Calculated in accordance with the Rules on Capital Management of Commercial Banks starting from 2024, while the comparison period data of previous years was calculated in accordance with the Rules on Capital Management of Commercial Banks (Provisional).

Note (5): Calculated by dividing net CET1 capital by risk-weighted assets.

Note (6): Calculated by dividing net tier 1 capital by risk-weighted assets.

Note (7): Calculated by dividing net capital by risk-weighted assets.

Note (8): Calculated by dividing risk-weighted assets by total assets.

Other Major Indicators

Item		Regulatory criteria	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Liquidity ratio (%) (1)	RMB and foreign currency	≥25	94.13	83.39	73.87	72.86	71.61
Percentage of loans to largest single borrower (%) (2)		≤10	7.98	13.34	16.50	18.72	23.21
Percentage of loans to the ten largest borrowers (%)			17.55	23.14	27.14	28.67	34.49
Loan migration ratio (%)	Normal		1.10	0.95	0.89	0.60	0.61
	Special mention		23.69	32.73	29.22	24.09	45.47
	Substandard		70.42	50.99	44.76	48.27	29.48
	Doubtful		70.79	72.59	53.41	56.81	78.32

Note (1): Calculated by dividing current assets by current liabilities.

Note (2): Percentage of loans to the largest single borrower = balance of loans to the largest borrower/net capital x 100%. The largest borrower refers to the borrower with the highest balance of loans at the period end. As at the end of the reporting period, China State Railway Group Co., Ltd. was the Bank's largest single borrower. The outstanding loan balance with China State Railway Group Co., Ltd. was RMB99,269 million, accounting for 7.98% of the Bank's net capital. The credit line the Bank extended to China State Railway Group Co., Ltd. includes the legacy credit line of RMB240.0 billion which was approved by the relevant regulatory authorities. As at the end of the reporting period, the outstanding loan balance under such credit line for China State Railway Group Co., Ltd. was RMB84.5 billion. After deduction of this RMB84.5 billion, the Bank's balance of loans to China State Railway Group Co., Ltd. accounted for 1.19% of the Bank's net capital.

Financial Highlights

Credit Ratings

Rating Agency	2024	2023	2022	2021	2020
S&P Global Ratings	A (Stable)	A (Stable)	A (Stable)	A (Stable)	A (Stable)
Moody's Investors Service	A1 (Negative)	A1 (Negative)	A1 (Stable)	A1 (Stable)	A1 (Stable)
Fitch Ratings	A+ (Negative)	A+ (Stable)	A+ (Stable)	A+ (Stable)	A+ (Stable)
S&P Global (China) Ratings	AAAspc (Stable)	AAAspc (Stable)	AAAspc (Stable)	AAAspc (Stable)	AAAspc (Stable)
CCXI	AAA (Stable)	AAA (Stable)	AAA (Stable)	AAA (Stable)	AAA (Stable)

Quarterly Financial Data

In RMB million

	2024			
Item	Q1	Q2	Q3	Q4
Operating income	89,494	87,425	83,648	88,566
Net profit attributable to equity holders of the Bank	25,926	22,889	27,003	10,661
Net cash generated from operating activities	225,146	(94,214)	150,057	116,287

Zheng Guoyu

Chairman

Message from the Management

Message from the Chairman

In 2024, PSBC followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implemented the guiding principles from the 20th CPC National Congress and the second and third plenary sessions of the 20th CPC Central Committee, and comprehensively implemented the arrangements of the Central Economic Work Conference and the Central Financial Work Conference. We remained committed to our primary responsibilities and core businesses, and continuously strengthened and optimized our capabilities, navigating challenges with resilience and delivering results through diligence. Total assets and liabilities both reached new heights, with operating income and net profit maintaining steady growth. Net interest margin, non-performing loan ratio, provision coverage ratio and other indicators maintained industry-leading status. We achieved balanced development in quality, scale and efficiency.

The year of 2024 marks the ninth year since PSBC's debut in the capital market. Over the years, **we have fulfilled our responsibilities**, continuously enhancing the quality and efficiency of serving the real economy. We have expanded the scale and coverage of technology finance, achieved robust growth in green finance, taken root and flourished in inclusive finance, highlighted our unique strengths in pension finance and enhanced the empowerment by digital finance. **We have maintained our strategic positioning**, continuously consolidated our competitive advantage and improved our capabilities in serving Sannong customers, urban and rural residents, as well as SMEs, with the brand image as a retail bank well-established among customers. **We have advanced development with resolve**. By leveraging our strengths in channels, customer base and capital, we have maintained an industry-leading growth momentum, demonstrating strong growth prospects. Since the listing, the Bank's total assets grew by 134.16%, total loans surged by 260.59% and total deposits increased by 142.47%. **We have ensured that our investors share with us our development results**. Since the listing, we have distributed over RMB160.0 billion in dividends to shareholders, generating consistent and stable investment returns with strong performance. Now, PSBC has grown into a full-service major state-owned commercial bank listed on both the A-share and H-share markets, operating nearly 40,000 outlets in urban and rural areas and serving over 670 million personal customers and 1.8 million corporate clients.

In 2025, as China's economy undergoes demand upgrading, structural optimization and the shift in growth drivers, a new round of scientific and technological revolution and industrial transformation advances by leaps and bounds, presenting greater expectations for commercial banks to reshape their development models. We will adapt to changing circumstances and align actions with the trend. We will adhere to our strategic positioning of serving Sannong customers, urban and rural residents, as well as SMEs, consolidate traditional advantages, forge new frontiers, unleash development momentum and accelerate strategic optimization and upgrading. We will focus on optimizing the balance sheet and strengthening the income statement, and strive to build a first-class large-scale retail bank that is more inclusive, balanced, robust, intelligent and dynamic. Through these efforts, we are dedicated to becoming the main force in serving the real economy and the ballast that ensures financial stability.

Leveraging our resource endowment to propel the development of the "five priorities" of the financial sector. We will resolutely implement the decisions and plans of the CPC Central Committee, highlight technology finance and inclusive finance, focus on pension finance and green finance, build our strength in digital finance, and develop PSBC's unique advantage in developing the "five priorities". We will continuously enhance the quality and efficiency in serving the real economy, and consistently meet the financial service needs arising from the economic and social development as well as the improvement of people's livelihood. We will integrate the "five priorities" into our business development strategy by establishing and improving special working mechanisms, refining service modes and building a specialized organizational structure, to ensure thorough implementation and tangible results for the development of the "five priorities".

Adhering to a market-oriented approach to enhance service capabilities. We will promote the full adoption of the "customer-centric" philosophy, develop a PSBC-featured product system and shift product supply toward market-driven and customer-oriented models to create value for customers. We will establish an extensive channel network, implement the "Mobile Banking Catch-up Initiative" and "Outlet Efficiency Enhancement Initiative", and extend our marketing, business and service reach. We will build an integrated customer marketing system based on the ecosystem, driving the deep integration of marketing and scenarios to deliver high-quality customer experience.

Optimizing business layout to pursue balanced development. We will deepen our footprint in Sannong finance, inclusive finance and personal finance, consolidating established strengths and generating fresh vitality from these traditional advantages. To be the main force in serving rural revitalization, we will spearhead the "Initiative of Building Strong Communities and Wealthy Towns" initiative and support the five major customer groups of villages, cooperatives, farmers, agricultural enterprises and rural merchants[1]. To become a benchmark bank in inclusive finance, we will focus on scenarios such as industrial parks, industrial clusters and industrial chains, serving private enterprises and SMEs. To be a bank of choice for personal finance, we will enhance our personal financial services, meeting the needs of all customers throughout their entire journey with full product offerings provided, omnichannel access and all scenarios. **We will vigorously develop corporate finance, urban finance, featured finance and comprehensive finance in order to blaze new trails for balanced development.** We will implement the "Corporate Banking Enhancement Initiative", expand the scale, scope, and quality of corporate banking services for scaled and systematic growth, and better serve the development of the modern industrial system. We will launch the "Urban Business Acceleration Initiative", leverage our strength in connecting thousands of households, industries, cities and rural areas to serve communities, industrial parks, commercial districts and campuses, and form a distinctive urban finance development model. Relying on the "Together We Thrive" interbank ecosystem platform, we will provide more efficient and convenient financial services to interbank clients and enhance our specialized advantage in interbank finance. Leveraging China Post Group's diversified business endowment, we will expand supply chain finance, logistics finance and merchant finance to form distinct business clusters. We will promote integrated services, diversified intermediary business and specialized development of subsidiaries to maximize the value contribution of comprehensive finance.

Improving efficiency and driving management innovation. We will work to improve our management system, optimize business models and production factor allocation, and promote reform of the organizational framework to provide impetus to the transformation drive. We will work to develop an operation system that is lean, intelligent, efficient and convenient to achieve "flat management and vertical operations". We will transform outlets into business-integrated, ecosystem-based and intelligent ones, strengthen technology and data empowerment, and build our nearly 40,000 outlets into one-stop service hubs that offer the public more convenience and benefits.

1 "Villages, cooperatives, farmers, agricultural enterprises and rural supermarkets" refer to administrative villages, farmers' cooperatives, family farms and large farming households, agro-related enterprises and rural merchants.

Message from the Management

Coordinating development and security and strictly preventing and controlling risks. We will maintain a prudent risk appetite, and refine the "comprehensive, whole-process, all-time and all-domain" risk management framework. We will enhance oversight of employee conduct and fund security, and establish a comprehensive institutional firewall. We will optimize and improve PSBC-featured risk control mode to underpin the high-quality development in the three major fields, namely Sannong customers, urban and rural residents, as well as SMEs. We will take a proactive approach in risk operation and management, adhere to capital-intensive development, and intensify internal control and compliance management as well as consumer protection. We will fully leverage technologies including big data and artificial intelligence to create a digital and intelligent risk management system, thus strengthening our core competencies in risk management.

Embracing scientific and technological revolution and accelerating digital and intelligent transformation. Taking digital intelligence as our long-term strategic core, we will foster a bank-wide digital finance mindset among all employees and cultivate a strong digital culture to fully transform toward a "digital ecosystem-based bank". We will continue to increase input in technology, strengthen the foundations, enhance our competence in digital technology, digital assets and digital infrastructure, and use our technology strength to drive business growth. We will accelerate breakthroughs in artificial intelligence innovation and iterative applications, using digital intelligence to comprehensively reshape business processes, empower value creation, drive management decisions and enhance service capabilities.

The year 2025 marks the 18th anniversary of the incorporation of PSBC. At 18, we stand in our prime, brimming with vitality and vigor; at 18, PSBC boasts a promising future and boundless potential. We will remain committed to the fundamental mission of serving the real economy and the eternal theme of risk prevention and control, and will practice the financial culture with Chinese characteristics featuring "Five Dos and Five Don'ts". We will accelerate the strategic optimization and upgrading, deliver strong performance in our primary responsibilities and core businesses, make continuous efforts in developing the "five priorities" of the financial sector, and forge a transformative development path with PSBC characteristics. Through these efforts, we aim to create sustainable value for all shareholders and contribute PSBC's strength to the Chinese modernization.

Liu Jianjun

President

Message from the Management

Message from President

2024 was an extraordinary year. As changes unseen in a century accelerated across the world, China's economy demonstrated strong resilience amid pressures and challenges, and the country made solid strides in advancing Chinese modernization. Facing the profound impact of evolving domestic and international dynamics, we remained steadfast in our founding mission and forged ahead with perseverance. We fully implemented the guiding principles from the 20th CPC National Congress and the decisions and plans of the Central Financial Work Conference and the Central Economic Work Conference, closely aligned with China's development priorities, continuously optimized resource allocation, enhanced the efficiency and effectiveness of management, and strengthened resilience, delivering all investors and customers an answer sheet of operating results featuring steady progress with quality improvements.

We achieved steady growth in overall business performance, with key indicators maintaining a leading position among peers. Over the past year, policy and market changes posed new challenges for the entire banking sector. We are acutely aware of the urgency for commercial banks to respond to changes, and are convinced that only by actively identifying changes and taking the initiative to seek changes, can we gain the first mover advantage in securing future success. In recent years, we have made solid progress in the forward-looking layout in capacity building, innovation and refined management, with years of accumulated experience, talent reserves, technological capabilities and capital strength further adding to our value, laying a solid foundation for our sustainable and stable development. In 2024, PSBC's assets totaled RMB17.08 trillion, marking a year-on-year increase of 8.64%, while total liabilities amounted to RMB16.05 trillion, marking a year-on-year increase of 8.69%, solidifying our position as the fifth major state-owned bank in terms of the scale of assets and liabilities. Operating income rose by 1.81% year on year to RMB349.133 billion, with a growth rate ranking at the forefront of major state-owned banks. Net profit attributable to the parent company increased by 0.24% year on year to RMB86.479 billion, and net interest margin stood at 1.87% as we adhered to the strategy of balancing quantity, price and risk, maintaining a leading position in the industry.

Adhering to the fundamental purpose of serving the real economy, we ensured effectiveness and yielded tangible results in advancing the "five priorities" of the financial sector. Over the past year, we actively fulfilled our responsibilities as a major state-owned bank, and aligned with national strategies with our own strength. We worked to identify and support weak links and niche markets that have a promising outlook and great potential yet with insufficient financial supply. We strengthened our differentiated competitive edge in contributing to economic and social development, and enhanced our corporate value while serving high-growth clients. **In terms of inclusive finance**, we vigorously promoted the process reshaping for the credit extension to small-sized businesses with a credit line under RMB5 million and implemented the financing coordination mechanism for micro and small-sized enterprises (MSEs), facilitating the growth of MSEs with integrated financial services. The balance of agriculture-related loans amounted to RMB2.29 trillion and that of inclusive loans to MSEs RMB1.63 trillion. We have earned the highest regulatory rating for MSE services for three consecutive years. **In terms of technology finance**, we created the innovative "technology flow" evaluation system, enriched the "future-oriented" credit review approach, optimized the "U Prosper" technology finance product and service system, and built a technology finance ecosystem that brings together government departments, enterprises, research institutions and investment institutions, providing high-quality comprehensive financial services to over 90 thousand technology enterprises. **In terms of green finance**, we earnestly advocated our proposition "Green World, Better Life", and vigorously developed sustainable finance, green finance, and climate finance, achieving a 22.55% increase in the green loan balance and providing carbon accounting services to over 10,000 enterprises on a cumulative basis. Our MSCI ESG rating has been upgraded to AA. **In terms of pension finance**, we built a three-dimensional pension finance system consisting of "three horizontals and three verticals" with a focus on three key areas: pension fund finance, pension service finance, and pension industry finance. We aim to become a caring pension finance bank that stands by our customers and an important service bank for the comprehensive promotion of national pension finance. **In terms of digital finance**, we launched major projects, including the new generation core systems of corporate business and of credit cards. We have been awarded the first prize of FinTech Development Award of the People's Bank of China for two consecutive years. We released our proprietary large language model "PSBC Intelligence", and continuously empowered business development and customer service with new technologies. PSBC's personal mobile banking, corporate mobile banking and corporate online banking all ranked first in relevant industry evaluations, with customers showing continuously improving satisfaction with the digital finance service of PSBC.

Driven by value creation, we forged a path of high-quality development with PSBC characteristics by empowering customers. Always upholding the core idea of creating value for customers, we ensure all business innovations and changes in models are centered around meeting customers' multi-layered financial needs, leveraging PSBC's unique resource endowments and delivering more diverse, high-quality financial services to contribute to the realization of customer value. Over the past year, we further solidified our leadership in retail finance, with assets under management (AUM) reaching RMB16.69 trillion. The number of "Fujia" and "Dingfu" customers[1] grew by 17.60% and 26.91%, respectively. Consumer loans increased by over RMB130.0 billion against the trend, with the incremental housing loans ranking first among major state-owned banks. We accelerated the effective implementation of the "1 plus N" operation and service system[2] for corporate finance. The number of customers with PSBC as the lead bank grew by 110.49%; corporate customers surpassed 1.80 million; and key indicators of corporate finance significantly outperformed the market. Our treasury and asset management business also delivered a remarkable performance. We ranked first in the market for high-yield offshore RMB bonds. We ranked first among major state-owned banks in fund investment scale, with agency fund sales exceeding RMB200 billion, bond market-making trading volume surpassing RMB1 trillion, and PSBC Wealth Management ranking among the top of major state-owned banks in terms of the growth rate of products. Our asset allocation and trading capabilities have been enhanced continuously. The "Together We Thrive" platform achieved a cumulative trading volume of over RMB5 trillion, showcasing the greater influence in the interbank ecosystem.

Firmly adhering to the mindset of worst-case scenarios, we fortified risk defenses through a comprehensive risk management framework and intelligent risk control technologies. Over the past year, we continuously reinforced the top-level design of risk management, and advanced the implementation of advanced capital management approaches in a coordinated manner, thereby further refining our comprehensive risk management system. We extensively leveraged technologies such as big data and artificial intelligence, drove the optimization and iteration of various risk control systems, and effectively enhanced risk identification, monitoring, prediction and resolution capabilities, while significantly enhancing our "future-oriented" capabilities. Our risk control strategies have become more flexible and forward-looking. We strengthened the precise control and effective resolution of risks in key areas such as Sannong, consumption and real estate, ensuring overall stability in asset quality amid steady growth in the credit scale. Additionally, we intensified compliance

1 The Bank regards customers with assets of RMB100,000 and above as VIP customers. Among them, customers with assets between RMB500,000 (inclusive) and RMB6 million are Fujia customers, and customers with assets of RMB6 million and above are Dingfu customers.

2 The "1 plus N" operation and service system refers to a system under which the Bank carries out reform and in-depth application of the operation mechanism, and develops a marketing support service system that integrates the front, middle and back offices by focusing on the six dimensions of customer, product, collaboration, service, risk and technology.

Message from the Management

management, reinforced inspections and accountability, and promoted the compliance culture, leading to a steady improvement in regulatory assessments. In 2024, PSBC's NPL ratio stood at 0.90%, with an NPL formation rate of 0.84%; the asset quality remained at an industry-leading level.

The year 2025 marks a crucial year for fully implementing the guiding principles from the third plenary session of the 20th CPC Central Committee, the final year of the 14th Five-Year Plan period, and a pivotal year for laying the groundwork for the 15th Five-Year Plan. As we stand at this new historical juncture, looking back, we remain steadfast in our original aspiration. We have increasingly demonstrated our value as a major state-owned bank through dedication to serving the real economy and upholding the philosophy of finance for the people. Moving forward, we have remain resolute in our mission. By doing the "difficult but right things" and practicing long-termism, PSBC have further burnished its reputation as a "trustworthy bank", with the time-honored brand shining brighter. Looking ahead, we aim high with the firm belief that every effort we made in the past eighteen years of reform and development will bear fruit. PSBC is poised to create new glories along a path of transformative development with a clearly defined strategy and distinctive characteristics.

We will center on implementing the "five priorities" of the financial sector and fully integrate into the national development blueprint. By actively expanding financial support for new fields related to new quality productive forces, we aim to achieve breakthroughs in our own high-quality development while contributing to the economy and society. We will proactively seize and respond to the challenges of the low-interest-rate era, deeply explore the value of our endowments, and optimize the business layout. We will build more robust, balanced and resilient income structure, business structure, and asset structure, a better risk control system and a lower-cost operational framework, so that we can fully stimulate the internal driving force for transformation and development, and open up a new chapter of quality-oriented development. We will continue our effort to become a main force serving rural revitalization, a benchmark bank in inclusive finance, and a driving force in technology finance. We will blaze new trails in corporate finance, urban finance, distinctive finance, and comprehensive finance, and continuously strengthen our core competitiveness to deliver greater value to the nation, society, and our customers.

Braving the chill, we already sense the warmth of the east wind; crossing the mountains, we come to realize the vastness of the open wilderness. Amid the tide of epochal change, we are convinced that every wave holds hidden opportunities, calling us to embrace and uncover them. We will remain steadfast in pursuing the path of financial development with Chinese characteristics. With innovation as our sail, technology as our oars, and risk control as our rudder, we will steer our course steadily in the complex and ever-changing market environment, standing shoulder to shoulder with every customer and investor to jointly create a splendid future for PSBC!

Chen Yuejun

Chairman of the Board of Supervisors

Discussion and Analysis

Keep reading for more information

Scan the QR code to watch the PSBC brand promotional video "Green World, Better Life"

Environment and Prospect

In 2024, the global economy continued to experience a low-growth trend. Inflation generally declined and monetary policies entered an interest rate cut cycle in the U.S. and European economies. However, further disinflation faced multiple challenges. Trade and investment growth remained under significant pressure due to the combined effects of unilateralism, geopolitical tensions and industrial chain restructuring. The global banking industry encountered increasing operational pressures, with divergence in scale expansion and profitability, as well as rising risks of asset deterioration.

China's economy maintained overall stability with steady progress. The new quality productive forces developed in a well-ordered manner, reform and opening-up continued to deepen and high-quality development was steadily promoted. A package of incremental policies effectively boosted social confidence. More effective and targeted proactive fiscal policies were introduced and a combination of policy tools were adopted to enhance support for key areas. Prudent monetary policy remained flexible, appropriate and precisely and effectively executed, with stronger counter-cyclical adjustments, leading to a stable decline in overall financing costs and creating a conducive monetary and financial environment for economic recovery. China's banking industry remained stable in operation, with reasonable credit growth and continuous structural optimization. Asset quality was generally stable, risk offsetting capacity remained adequate, and financial service capabilities continued to improve.

Looking ahead to 2025, the global economic recovery is expected to remain weak, with increasing uncertainties in the external environment. China's economy has a stable foundation, numerous advantages, strong resilience and significant potential, with unchanged conditions and fundamental trends supporting long-term positive development. China will continue to adhere to the general principle of seeking progress while maintaining stability, and fully and faithfully apply the new development philosophy on all fronts. It will move faster to create a new pattern of development, advance high-quality development, further comprehensively deepen reform, promote high-standard opening-up, build a modern industrial system, and better coordinate between development and security and drive sustained economic recovery. A more proactive fiscal policy will provide sustained and more effective support. An appropriately accommodative monetary policy will be applied to adjust both the monetary aggregate and structure, ensuring ample liquidity while aligning the growth of aggregate financing and money supply with economic growth and expected price levels, and keeping the RMB exchange rate generally stable at an adaptive and balanced level. The banking industry will continue to improve the quality and effectiveness of financial services for the real economy, maintain steady credit growth, and increase support for key areas and weak links such as expanding domestic demand, developing new quality productive forces, advancing new urbanization and all-around rural revitalization, and promoting green development, while ensuring that no systemic financial risks arise.

The year 2025 is an important year for fully implementing the guiding principles of the Third Plenary Session of the 20th CPC Central Committee and the concluding year of the 14th Five-Year Plan. The Bank will firmly follow Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its fundamental guideline, continue to thoroughly implement the guiding principles of the 20th CPC National Congress and the Second and Third Plenary Sessions of the 20th CPC Central Committee as well as the guiding principles of the Central Financial Work Conference and the Central Economic Work Conference, and uphold the principle of seeking progress while maintaining stability and promoting stability through progress. The Bank will continuously enhance its endogenous capacity and coordinate between development and security to accelerate its high-quality development.

Firstly, the Bank will resolutely implement the major decisions and plans of the CPC Central Committee. It will fully support key areas such as the all-round expansion of consumption, the development of new quality productive forces, the integrated development of urban and rural areas, the implementation of regional strategies, green transformation and the protection and improvement of people's well-being. It will make solid efforts in "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, build itself as the main force serving rural revitalization, the benchmark in inclusive finance, and an emerging force driving technology finance, act as a pioneer in green finance, build up a distinctive edge in pension finance, and accelerate the development of the digital financial ecosystem.

Secondly, the Bank will accelerate its business transformation and development. It will deepen its efforts in Sannong finance, inclusive finance and personal banking, and leverage on its resources endowment to build signature products. Corporate banking and urban finance will be strengthened and optimized through innovative service models and various product systems in a view to create a more balanced business structure. The Bank will vigorously develop comprehensive finance to promote integrated services, diversified intermediary business and the specialization among subsidiaries, so as to enhance its market competitiveness.

Thirdly, the Bank will continue to improve refined management. Refined management of the balance sheet will be strengthened and more initiatives will be launched to save capital, and the efficiency of resource allocation will be elevated by deepening the asset allocation system with RAROC (risk-adjusted return on capital) as the yardstick and coordinating the balance among scale, price and risks. The Bank will practice the concept of long-term value creation, thoroughly implement the requirement of tightening the belts and enhance budget management and control for further cost reduction and efficiency increase. The Bank will move faster towards intensive transformation, optimize management system and boost efficiency of outlets to improve the operation system in an efficient manner.

Fourthly, the Bank will accelerate the construction of scientific and technological innovation system. It will consolidate the basic foundation and enhance the independent research and development capability; improve the data management, promote the key tasks such as data construction and data governance; strengthen the application of technology, deepen the integration of industry and technology to promote the digitization transformation of front-end business services, middle-end product risk control and back-end operation and management; and accelerate the application of emerging digital technologies such as artificial intelligence, big data, blockchain and cloud computing, and continuously update and iterate intelligent applications.

Fifthly, the Bank will enhance the level of risk prevention and control. It will strengthen monitoring, control and disposal for key businesses, products and customers on all fronts to maintain stable asset quality; enhance business development led by risk management, conduct industry research, and deepen the application of "future-oriented" credit review technology; coordinate the development of diversified disposal to raise the value contribution of asset preservation; and strengthen the internal control and case prevention management capability to enhance the management effectiveness of compliance risk, operational risk and money laundering risk.

Analysis of Financial Statements

During the reporting period, the Bank has maintained a healthy and stable business development momentum by adhering to the theme of high-quality development, unswervingly improving capacity, fostering innovation and strengthening management.

Firstly, the scale of business achieved steady growth. The Bank gave full play to the advantages of its own resource endowment, focused on business structural optimization, and stepped up efforts to serve the real economy. As at the end of the reporting period, total assets reached RMB17.08 trillion, an increase of 8.64% over the prior year-end, of which total loans to customers amounted to RMB8.91 trillion, an increase of 9.38% over the prior year-end. Total liabilities reached RMB16.05 trillion, an increase of 8.69% over the prior year-end, of which customer deposits reached RMB15.29 trillion, an increase of 9.54% over the prior year-end.

Secondly, the profitability remained stable. The Bank strengthened the refined management of interest margin, expanded sources of non-interest income, and endeavored to enhance comprehensive income. During the reporting period, the operating income amounted to RMB349,133 million, an increase of 1.81% compared with the same period of the prior year, of which the net interest income was RMB286,123 million, an increase of 1.53% compared with the same period of the prior year, and the net interest margin was 1.87%, which remained at a relatively good level in the industry. Non-interest income amounted to RMB63,010 million, an increase of 3.11% compared with the same period of the prior year. The profit before income tax amounted to RMB94,592 million, an increase of 3.27% compared with the same period of the prior year.

Thirdly, the asset quality was stable and controllable. Upholding a prudent and sound risk appetite, the Bank continuously improved the risk management system featuring "all aspects, whole process, full time and comprehensive area" and strengthened risk control and mitigation in key areas to enhance the leading role of risk management. As at the end of the reporting period, the non-performing loan ratio was 0.90% and allowance to NPLs ratio was 286.15%.

Analysis of Income Statement

During the reporting period, the Bank recorded a net profit of RMB86,716 million, representing a year-on-year increase of RMB292 million or 0.34%.

Changes of Key Items in the Income Statement

In RMB million, except for percentages

Item	2024	2023	Increase/ (decrease)	Change (%)
Net interest income	286,123	281,803	4,320	1.53
Net fee and commission income	25,282	28,252	(2,970)	(10.51)
Net other non-interest income	37,728	32,857	4,871	14.82
Operating income	349,133	342,912	6,221	1.81
Less: Operating expenses	226,096	225,142	954	0.42
Credit impairment losses	28,423	26,167	2,256	8.62
Impairment losses on other assets	22	4	18	450.00
Profit before income tax	94,592	91,599	2,993	3.27
Less: Income tax expenses	7,876	5,175	2,701	52.19
Net profit	86,716	86,424	292	0.34
Attributable to equity holders of the Bank	86,479	86,270	209	0.24
Attributable to non-controlling interests	237	154	83	53.90
Other comprehensive income	5,187	288	4,899	1,701.04
Total comprehensive income	91,903	86,712	5,191	5.99

Net Interest Income

The Bank made concerted efforts on both the asset and liability sides to promote a balance between quantity and price as well as continuous structural optimization. During the reporting period, the net interest income was RMB286,123 million, representing an increase of RMB4,320 million, or 1.53% compared with the same period of the prior year, of which an increase of RMB27,880 million in net interest income was driven by the scale expansion, and a decrease of RMB23,560 million in net interest income was brought by the changes in interest rates. Net interest margin and net interest spread were 1.87% and 1.85%, respectively.

Analysis of Financial Statements

Average Yield of Interest-Earning Assets and Average Cost of Interest-Bearing Liabilities

In RMB million, except for percentages

	2024			2023		
Item	Average balance	Interest income/ expense	Average yield/ cost (%)	Average balance	Interest income/ expense	Average yield/ cost (%)
Assets						
Total loans to customers	8,601,509	324,721	3.78	7,739,734	319,513	4.13
Investments (1)	4,635,762	141,737	3.06	4,315,237	139,081	3.22
Deposits with central bank (2)	1,246,735	20,252	1.62	1,231,316	20,003	1.62
Deposits and placements with banks and other financial institutions (3)	841,491	21,533	2.56	708,713	19,730	2.78
Total interest-earning assets	15,325,497	508,243	3.32	13,995,000	498,327	3.56
Allowance for impairment losses on assets	(262,034)	–	–	(270,945)	–	–
Non-interest-earning assets (4)	1,375,612	–	–	1,244,150	–	–
Total assets	16,439,075	–	–	14,968,205	–	–
Liabilities						
Customer deposits	14,640,531	210,217	1.44	13,208,698	202,666	1.53
Deposits and placements from banks and other financial institutions (5)	310,559	5,892	1.90	312,367	6,162	1.97
Debt securities issued (6)	175,904	5,471	3.11	253,738	7,137	2.81
Borrowings from central bank	30,652	540	1.76	30,843	559	1.81
Total interest-bearing liabilities	15,157,646	222,120	1.47	13,805,646	216,524	1.57
Non-interest-bearing liabilities (7)	246,097	–	–	237,882	–	–
Total liabilities	15,403,743	–	–	14,043,528	–	–
Net interest income	–	286,123	–	–	281,803	–
Net interest spread (8)	–	–	1.85	–	–	1.99
Net interest margin (9)	–	–	1.87	–	–	2.01

Note (1): Consists of interest-earning assets in financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost.

Note (2): Consists of statutory deposit reserves and surplus deposit reserves.

Note (3): Consists of deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements.

Note (4): Consists of financial assets measured at fair value through profit or loss, cash, property and equipment, deferred tax assets, etc.

Note (5): Consists of deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

Note (6): Consists of qualified tier 2 capital instruments issued, interbank certificates of deposit, etc.

Note (7): Consists of employee benefits payable, provisions, lease liabilities, etc.

Note (8): Calculated as the difference between the average yield of total interest-earning assets and the average cost of total interest-bearing liabilities.

Note (9): Calculated by dividing net interest income by the average balance of total interest-earning assets.

Changes in Net Interest Income Due to Changes in Volume and Interest Rate

In RMB million

Item	2024 vs 2023 Increase/(decrease) Volume[1]	Interest rate[2]	Total[3]
Assets			
Total loans to customers	32,533	(27,325)	5,208
Investments	9,800	(7,144)	2,656
Deposits with central bank	250	(1)	249
Deposits and placements with banks and other financial institutions	3,398	(1,595)	1,803
Total changes in interest income	45,981	(36,065)	9,916
Liabilities			
Customer deposits	20,559	(13,008)	7,551
Deposits and placements from banks and other financial institutions	(34)	(236)	(270)
Debt securities issued	(2,421)	755	(1,666)
Borrowings from central bank	(3)	(16)	(19)
Total changes in interest expense	18,101	(12,505)	5,596
Changes in net interest income	27,880	(23,560)	4,320

Note (1): Represents the difference between the average balance for the current period and the average balance for the previous period, multiplied by the average yield/cost for the current period.

Note (2): Represents the difference between the average yield/cost for the current period and the average yield/cost for the previous period, multiplied by the average balance for the previous period.

Note (3): Represents the difference between the interest income/expense for the current period and the interest income/expense for the previous period.

Analysis of Financial Statements

Interest Income

During the reporting period, the Bank realized interest income of RMB508,243 million, representing an increase of RMB9,916 million, or 1.99% compared with the same period of the prior year, primarily due to the steady growth in the size of interest-earning assets and the continuous structural optimization as a result of the Bank's adhering to RAROC as a yardstick and dynamically balancing asset allocation.

Interest Income from Loans to Customers

During the reporting period, the Bank focused on serving the real economy and created differentiated competitive advantages. Interest income from loans to customers amounted to RMB324,721 million, representing an increase of RMB5,208 million, or 1.63% compared with the same period of the prior year.

Among them, interest income from personal loans amounted to RMB196,880 million, representing a decrease of RMB6,906 million, or 3.39% compared with the same period of the prior year. It was mainly because of the decrease in the interest income from personal residential mortgage loans as a result of the lower LPR and reduction of interest rates on existing mortgage loans. During the reporting period, the Bank deepened its efforts in serving core areas such as the rural revitalization and consumer credit, explored high-quality business scenarios and improved its digital and intelligent service capabilities. The rapid growth of micro loans, other consumer loans, credit cards and other businesses partially offset the impact of interest rate cut.

Interest income from corporate loans amounted to RMB122,047 million, representing an increase of RMB12,859 million, or 11.78% compared with the same period of the prior year. As the Bank continuously deepened the new “1 plus N” operation and service system in the corporate banking business, strengthened business integration across sectors and enhanced precise support for major strategies, key areas and weak links, there was rapid growth in the average balance of corporate loans.

Analysis on Average Yield of Loans to Customers by Business Line

In RMB million, except for percentages

	2024			2023		
Item	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Personal loans	4,649,786	196,880	4.23	4,264,355	203,786	4.78
Corporate loans	3,513,294	122,047	3.47	3,018,871	109,188	3.62
Discounted bills	438,429	5,794	1.32	456,508	6,539	1.43
Total loans to customers	8,601,509	324,721	3.78	7,739,734	319,513	4.13

Analysis on Average Yield of Loans to Customers by Maturity Structure

In RMB million, except for percentages

	2024			2023		
Item	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	2,870,373	103,664	3.61	2,753,695	107,961	3.92
Medium- and long-term loans	5,731,136	221,057	3.86	4,986,039	211,552	4.24
Total loans to customers	8,601,509	324,721	3.78	7,739,734	319,513	4.13

Interest Income from Investments

During the reporting period, the Bank's interest income from investments amounted to RMB141,737 million, representing an increase of RMB2,656 million, or 1.91% compared with the same period of the prior year. It was mainly because the Bank researched and forecasted the trend of market interest rates in a scientific manner, and made reasonable adjustments to investment structure, leading to the increase in the average balance of financial investments such as government bonds and bonds issued by financial institutions.

Interest Income from Deposits with Central Bank

During the reporting period, the Bank's interest income from deposits with central bank amounted to RMB20,252 million, representing an increase of RMB249 million, or 1.24% compared with the same period of the prior year, primarily driven by the increase in average balance of deposit reserves.

Interest Income from Deposits and Placements with Banks and Other Financial Institutions

During the reporting period, the Bank's interest income from deposits and placements with banks and other financial institutions amounted to RMB21,533 million, representing an increase of RMB1,803 million, or 9.14% compared with the same period of the prior year. It was primarily because the Bank seized the opportunity of higher interest rates, and increased the average balance of time deposits placed with banks and other financial institutions, bonds held under resale agreements and placements with banks and other financial institutions.

Interest Expense

The Bank continued to promote the high-quality development of liabilities, took value deposits as its core, and coordinated the balanced development of quantity and price. The scale of liabilities grew steadily and the interest payment cost was effectively controlled. During the reporting period, the interest expense amounted to RMB222,120 million, representing an increase of RMB5,596 million, or 2.58% year on year, primarily due to the increased interest expense on customer deposits. The average cost of interest-bearing liabilities was 1.47%, a year-on-year decrease of 10 bps.

Interest Expense on Customer Deposits

During the reporting period, the interest expense on customer deposits amounted to RMB210,217 million, representing an increase of RMB7,551 million, or 3.73% year on year, primarily driven by the growth in the scale of deposits. The average cost of deposits decreased by 9 bps year on year to 1.44%, among which the average cost of personal deposits decreased by 11 bps year on year.

Analysis of Financial Statements

Analysis on Average Cost of Customer Deposits by Product Type

In RMB million, except for percentages

Item	2024 Average balance	2024 Interest expense	2024 Average cost (%)	2023 Average balance	2023 Interest expense	2023 Average cost (%)
Personal deposits						
Demand deposits	3,064,050	5,069	0.17	3,007,188	6,550	0.22
Time deposits	9,977,807	184,123	1.85	8,748,546	176,781	2.02
Subtotal	13,041,857	189,192	1.45	11,755,734	183,331	1.56
Corporate deposits						
Demand deposits	927,311	7,324	0.79	932,518	8,101	0.87
Time deposits	671,363	13,701	2.04	520,446	11,234	2.16
Subtotal	1,598,674	21,025	1.32	1,452,964	19,335	1.33
Total customer deposits	14,640,531	210,217	1.44	13,208,698	202,666	1.53

Interest Expense on Deposits and Placements from Banks and Other Financial Institutions

During the reporting period, the Bank's interest expense on deposits and placements from banks and other financial institutions amounted to RMB5,892 million, representing a decrease of RMB270 million, or 4.38% compared with the same period of the prior year, primarily driven by the decrease in bonds and notes sold under repurchase agreements.

Interest Expense on Debt Securities Issued

During the reporting period, the Bank's interest expense on debt securities issued amounted to RMB5,471 million, representing a decrease of RMB1,666 million, or 23.34% compared with the same period of the prior year, primarily driven by the Bank's optimization of its liability business structure and the decrease in the average balance of interbank certificates of deposit issued.

Net Fee and Commission Income

During the reporting period, the Bank realized a net fee and commission income of RMB25,282 million, representing a year-on-year decrease of RMB2,970 million, or 10.51%.

Fee and commission income amounted to RMB40,753 million, representing a year-on-year decrease of RMB10,351 million, or 20.25%, primarily due to the decrease in income from bancassurance business as a result of the policy of "reporting and execution consistency". The Bank actively responded to the adjustment of bancassurance policies, focused on key products, expanded income sources, and promoted the balanced development of intermediary business. Specifically, wealth management fee income amounted to RMB3,951 million, representing a year-on-year increase of RMB1,130 million, or 40.06%, primarily because of the ongoing improvement of the Bank's asset allocation capabilities, further diversification of product and optimization of structure, and the growth of scale of wealth management. Investment banking fee income amounted to RMB3,318 million, representing a year-on-year increase of RMB930 million, or 38.94%. It was mainly because the Bank continuously enhanced the synergy between commercial banking and investment banking, and built an integrated financing services system for on- and off-balance sheet business of investment banking, thereby driving faster increase in business income from syndicated loan and underwriting bonds. Custody business fee income amounted to RMB1,255 million, representing a year-on-year increase of RMB124 million, or 10.96%, primarily because the Bank deepened the coordinated development mechanism for the custody business, and promoted the role of key businesses such as mutual funds and insurance fund as drivers in its development. Other business fee income amounted to RMB2,460 million, representing a year-on-year increase of RMB708 million, or 40.41%, which was mainly because the Bank created an intelligent, scenario-based and convenient trading and financing services system focusing on demands of core, upstream and downstream enterprises for finance services, and realized rapid growth in the fee income from supply chain finance, guarantee and commitments and other businesses.

Fee and commission expense amounted to RMB15,471 million, representing a year-on-year decrease of RMB7,381 million, or 32.30%, primarily due to a decrease in commission expenses paid by the Bank as a result of the decline in the income from sales of financial products at postal agency outlets.

Analysis of Financial Statements

Components of Net Fee and Commission Income

In RMB million, except for percentages

Item	2024	2023	Increase/ (decrease)	Change (%)
Bank cards business	10,593	11,925	(1,332)	(11.17)
Settlement and clearing	9,947	10,230	(283)	(2.77)
Agency service business	9,229	20,857	(11,628)	(55.75)
Wealth management	3,951	2,821	1,130	40.06
Investment banking	3,318	2,388	930	38.94
Custody business	1,255	1,131	124	10.96
Others	2,460	1,752	708	40.41
Fee and commission income	40,753	51,104	(10,351)	(20.25)
Less: Fee and commission expense	15,471	22,852	(7,381)	(32.30)
Net fee and commission income	25,282	28,252	(2,970)	(10.51)

Net Other Non-Interest Income

The Bank focused on creating the financial market business as one of its differentiated growth poles, continued to strengthen research and prediction of market trends and forward-looking layout, actively seized opportunities of market fluctuations, and flexibly adjusted investment strategies to effectively improve the returns on fund operations. During the reporting period, the Bank's net other non-interest income amounted to RMB37,728 million, representing an increase of RMB4,871 million, or 14.82% compared with the same period of the prior year. In particular, net trading gains and net gains on investment securities totaled RMB33,744 million, representing an increase of RMB4,565 million, or 15.64% compared with the same period of the prior year. It was mainly because the Bank sped up the trading and flow of assets such as debt securities and interbank certificates of deposit, resulting in increased buy-sell spread income; and the Bank also seized market opportunities and continued to increase the investment in quality assets, and increased income from securities investment funds.

Net gains on derecognition of financial assets measured at amortized cost amounted to RMB3,058 million, representing an increase of RMB816 million, or 36.40% compared with the same period of the prior year, primarily due to the gains from the issuance of non-performing assets (NPA) securitization as the Bank actively broadened its channels for the NPA disposal.

Net other operating gains amounted to RMB901 million, representing a decrease of RMB517 million, or 36.46% compared with the same period of the prior year, primarily due to the fluctuation of the exchange rate of the U.S. dollar against the RMB.

Components of Net Other Non-Interest Income

In RMB million, except for percentages

Item	2024	2023	Increase/ (decrease)	Change (%)
Net trading gains	4,185	4,460	(275)	(6.17)
Net gains on investment securities	29,559	24,719	4,840	19.58
Net gains on derecognition of financial assets measured at amortized cost	3,058	2,242	816	36.40
Share of results of associates	25	18	7	38.89
Net other operating gains	901	1,418	(517)	(36.46)
Total	37,728	32,857	4,871	14.82

Operating Expenses

During the reporting period, the Bank upheld control over total volume, prioritized profitability and strictly controlled costs. Operating expenses amounted to RMB226,096 million, representing an increase of RMB954 million, or 0.42% compared with the same period of the prior year. In the second half of 2024, the Bank adjusted the deposit agency fee rates for agency RMB personal deposit-taking business, and since July 1, 2024, the settlement has been made according to the scaled fee rates after adjustment. The adjusted Composite Rate for the second half of the year was 1.08%, representing a decrease of 15 bps compared with the first half of the year. The Composite Rate for the year was 1.15%, representing a decrease of 9 bps compared with the same period of the prior year. Deposit agency fee and others amounted to RMB117,814 million, representing an increase of RMB2,890 million, or 2.51% compared with the same period of the prior year, and a decrease of 9.89 percentage points in growth rate compared with the prior year. Staff costs, depreciation and amortization and other expenses totaled RMB105,666 million, representing a decrease of RMB1,849 million, or 1.72% compared with the same period of the prior year, primarily due to the Bank's comprehensive optimization of costs allocation, continued strengthening of refined control and effectively reduced operating costs.

Analysis of Financial Statements

Major Components of Operating Expenses

In RMB million, except for percentages

Item	2024	2023	Increase/ (decrease)	Change (%)
Deposit agency fee and others	117,814	114,924	2,890	2.51
Staff costs	64,045	64,017	28	0.04
Depreciation and amortization	11,386	12,128	(742)	(6.12)
Taxes and surcharges	2,616	2,703	(87)	(3.22)
Other expenses	30,235	31,370	(1,135)	(3.62)
Total operating expenses	226,096	225,142	954	0.42

Credit Impairment Losses

During the reporting period, the Bank adhered to a prudent risk management policy and made provision for impairment in an objective and reasonable manner. Credit impairment losses amounted to RMB28,423 million, representing an increase of RMB2,256 million, or 8.62% compared with the same period of the prior year, of which impairment losses on loans amounted to RMB30,016 million, representing an increase of RMB3,133 million, or 11.65% compared with the same period of the prior year.

Income Tax Expenses

During the reporting period, the Bank's income tax expenses amounted to RMB7,876 million, representing an increase of RMB2,701 million, or 52.19% compared with the same period of the prior year, mainly due to the impact of non-deductible costs. The effective tax rate of 8.33% was lower than the statutory tax rate of 25%, mainly due to the fact that interest income from the Bank's holdings of China's treasury bonds and local government bonds was tax-exempted as stipulated in the tax law.

Segment Information

Operating Income by Operating Segment

In RMB million, except for percentages

Item	2024 Amount	2024 Percentage (%)	2023 Amount	2023 Percentage (%)
Personal banking	242,719	69.52	249,897	72.87
Corporate banking	68,723	19.68	59,808	17.44
Treasury	37,147	10.64	32,598	9.51
Others	544	0.16	609	0.18
Total operating income	349,133	100.00	342,912	100.00

For further details of business scope of each segment, please refer to "Notes to the Consolidated Financial Statements – 44.1 Operating segment".

Operating Income by Geographical Segment

In RMB million, except for percentages

Item	2024 Amount	2024 Percentage (%)	2023 Amount	2023 Percentage (%)
Head Office	753	0.22	(15,832)	(4.62)
Yangtze River Delta	58,333	16.71	58,564	17.08
Pearl River Delta	46,112	13.21	47,825	13.95
Bohai Rim	53,923	15.44	55,732	16.25
Central China	96,650	27.67	101,416	29.58
Western China	70,859	20.30	71,925	20.97
Northeastern China	22,503	6.45	23,282	6.79
Total operating income	349,133	100.00	342,912	100.00

For further details of business scope of each geographical segment, please refer to "Notes to the Consolidated Financial Statements – 44.2 Geographical segment".

Analysis of Financial Statements

Balance Sheet Analysis

Assets

The Bank fully implemented the decisions and plans of the CPC Central Committee, and stayed true to the fundamental purpose of serving the real economy with financial services. Guided by the high-quality development of finance, the Bank coordinated asset allocation and continuously improved the quality and efficiency of services. During the reporting period, based on long-termism, the Bank reasonably balanced the coordinated development of scale, price and risks, and deepened the application of RAROC in resource allocation, so as to further optimize the asset structure and enhance the ability of value creation. The Bank strengthened its development foundation, enhanced the building of core capabilities, organically combined its own resource endowments with key areas of service to the real economy, and increased credit supply to major strategies, key areas and weak links, striving to build a sound and balanced business structure. By strengthening the leadership of investment research and keeping a close eye on market changes, the Bank optimized the structure of non-credit business and enhanced the quality and efficiency of capital use.

As at the end of the reporting period, the Bank's total assets amounted to RMB17,084,910 million, representing an increase of RMB1,358,279 million, or 8.64% compared with the prior year-end, of which net loans to customers amounted to RMB8,684,144 million, representing an increase of RMB768,899 million, or 9.71% compared with the prior year-end; financial investments amounted to RMB6,004,127 million, representing an increase of RMB616,539 million, or 11.44% compared with the prior year-end. In terms of the structure, net loans to customers accounted for 50.83% of total assets, representing an increase of 0.50 percentage point compared with the prior year-end; financial investments accounted for 35.14% of total assets, representing an increase of 0.88 percentage point compared with the prior year-end.

Key Items of Assets

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Total loans to customers	8,913,202	–	8,148,893	–
Less: Allowance for impairment losses on loans(1)	229,058	–	233,648	–
Loans to customers, net	8,684,144	50.83	7,915,245	50.33
Financial investments	6,004,127	35.14	5,387,588	34.26
Cash and deposits with central bank	1,314,703	7.70	1,337,501	8.50
Deposits with banks and other financial institutions	262,476	1.54	189,216	1.20
Placements with banks and other financial institutions	348,017	2.04	297,742	1.89
Financial assets held under resale agreements	229,842	1.35	409,526	2.60
Other assets	241,601	1.40	189,813	1.22
Total assets	17,084,910	100.00	15,726,631	100.00

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

Loans to Customers

As at the end of the reporting period, total loans to customers amounted to RMB8,913,202 million, representing an increase of RMB764,309 million, or 9.38% compared with the prior year-end.

Loans to Customers by Business Line

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Personal loans	4,771,583	53.53	4,470,248	54.86
Corporate loans	3,649,163	40.94	3,214,471	39.45
Discounted bills	492,456	5.53	464,174	5.69
Total loans to customers	8,913,202	100.00	8,148,893	100.00

Loans to Customers by Maturity

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Short-term loans	2,934,633	32.92	2,845,045	34.91
Medium- and long-term loans	5,978,569	67.08	5,303,848	65.09
Total loans to customers	8,913,202	100.00	8,148,893	100.00

Loans to Customers by Geographical Region

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	344,895	3.87	363,568	4.46
Yangtze River Delta	1,840,445	20.65	1,693,237	20.78
Pearl River Delta	1,114,851	12.51	1,052,519	12.92
Bohai Rim	1,422,923	15.96	1,237,696	15.19
Central China	2,168,479	24.32	1,997,777	24.51
Western China	1,579,873	17.73	1,384,281	16.99
Northeastern China	441,736	4.96	419,815	5.15
Total loans to customers	8,913,202	100.00	8,148,893	100.00

Personal Loans

As at the end of the reporting period, the Bank's total personal loans amounted to RMB4,771,583 million, representing an increase of RMB301,335 million, or 6.74% compared with the prior year-end.

In particular, consumer loans amounted to RMB2,995,999 million, representing an increase of RMB137,258 million, or 4.80% compared with the prior year-end. It was primarily because the Bank actively implemented various policies and requirements regarding the mortgage loans issued by the state to offer full support to meet the needs of first-time home buyers and upgraders; at the same time, the Bank seized the development opportunities presented by green and low-carbon consumption as well as trade-in deals for consumer goods, and increased credit support to areas such as diversified consumption, thereby driving the increase in scale of mortgage loans and other consumer loans.

Personal micro loans amounted to RMB1,537,363 million, representing an increase of RMB145,136 million, or 10.42% compared with the prior year-end. It was mainly because the Bank further implemented the rural revitalization strategy, continued to boost credit extensions for rural revitalization, further advanced proactive credit extension for Sannong customers, built an omni-channel and multi-dimensional customer marketing system, and accelerated the transformation towards digital and intensive operation of micro loans, resulting in stable and healthy development of personal micro loans in a consistent manner.

Credit card overdrafts and others amounted to RMB238,221 million, representing an increase of RMB18,941 million, or 8.64% compared with the prior year-end. This was mainly because the Bank further promoted institutional and mechanism reforms of the credit card business, accelerated product innovation, enriched the types of product benefits and offered plenty of financial services to customers, leading to stable growth in scale of credit card business.

Personal Loans by Product Type

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Consumer loans	2,995,999	62.79	2,858,741	63.95
Residential mortgage loans	2,382,146	49.93	2,337,991	52.30
Other consumer loans	613,853	12.86	520,750	11.65
Personal micro loans[1]	1,537,363	32.22	1,392,227	31.14
Credit card overdrafts and others	238,221	4.99	219,280	4.91
Total personal loans	4,771,583	100.00	4,470,248	100.00

Note (1): Personal micro loans mainly include loans granted for personal businesses.

Corporate Loans

As at the end of the reporting period, the Bank's total corporate loans amounted to RMB3,649,163 million, representing an increase of RMB434,692 million, or 13.52% compared with the prior year-end. It was mainly because the Bank implemented the major national strategic plans and boosted credit extensions in fields like advanced manufacturing, inclusive finance, technology finance and green finance. The Bank accelerated the cultivation of leading bank customers, provided enterprises with specialized, comprehensive and multi-level integrated financial services, and achieved relatively rapid growth in the scale of corporate loans.

As at the end of the reporting period, the top five industries to which the Bank granted corporate loans were transportation, storage and postal services; manufacturing; real estate; water conservancy, environmental and public facilities management; and financial services. The balance of loans extended to the top five industries in aggregate accounted for 63.44% of total corporate loans, representing a decrease of 4.44 percentage points compared with the prior year-end.

Corporate Loans by Industry

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Transportation, storage and postal services	830,416	22.76	859,031	26.72
Manufacturing	577,205	15.82	509,819	15.86
Real estate	308,590	8.46	253,086	7.87
Water conservancy, environmental and public facilities management	303,444	8.32	185,950	5.78
Financial services	294,995	8.08	286,117	8.90
Wholesale and retail	290,923	7.97	237,693	7.39
Production and supply of electricity, heating, gas and water	287,913	7.89	274,330	8.53
Leasing and commercial services	277,904	7.62	209,006	6.50
Construction	228,512	6.26	198,542	6.18
Mining	86,856	2.38	84,412	2.64
Other industries (1)	162,405	4.44	116,485	3.63
Total corporate loans	3,649,163	100.00	3,214,471	100.00

Note (1): Other industries consist of the agriculture, forestry, animal husbandry and fishery; information transmission, computer services and the software industry, etc.

Analysis of Financial Statements

Discounted Bills

As at the end of the reporting period, the Bank's discounted bills amounted to RMB492,456 million, representing an increase of RMB28,282 million, or 6.09% compared with the prior year-end.

Financial Investments

During the reporting period, the Bank focused on improving capabilities of market study and judgement as well as asset allocation, and continued to optimize investment business structure, resulting in a steady growth in scale of financial investments. As at the end of the reporting period, the Bank's financial investments amounted to RMB6,004,127 million, representing an increase of RMB616,539 million, or 11.44% compared with the prior year-end.

In terms of product, the increase was primarily in the scale of financial assets such as debt securities and securities investment funds, etc. Among them, investment in debt securities amounted to RMB4,637,963 million, representing an increase of RMB561,773 million or 13.78% compared with the prior year-end; and investment in securities investment funds amounted to RMB658,786 million, representing an increase of RMB136,626 million or 26.17% compared with the prior year-end.

In terms of measurement approach, the financial assets measured at amortized cost amounted to RMB4,306,513 million, representing an increase of RMB318,303 million or 7.98% compared with the prior year-end. The financial assets measured at fair value through other comprehensive income-debt instruments amounted to RMB668,812 million, representing an increase of RMB165,276 million or 32.82% compared with the prior year-end. The above investments were primarily attributable to the increase in the scale of government bonds and bonds issued by financial institutions. The financial assets measured at fair value through profit or loss amounted to RMB1,024,165 million, representing an increase of RMB135,649 million, or 15.27% compared with the prior year-end, which was primarily attributable to the increase in the scale of securities investment funds.

Investments by Product

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Debt securities	4,637,963	77.25	4,076,190	75.66
Securities investment funds	658,786	10.97	522,160	9.69
Interbank certificates of deposit	419,760	6.99	485,719	9.02
Asset management plans	200,820	3.34	135,556	2.52
Trust investment plans	78,530	1.31	149,319	2.77
Others	8,268	0.14	18,644	0.34
Total financial investments	6,004,127	100.00	5,387,588	100.00

Financial Investments by Measurement Approach

In RMB million, except for percentages

Item	December 31, 2024 Amount	December 31, 2024 Percentage (%)	December 31, 2023 Amount	December 31, 2023 Percentage (%)
Financial assets measured at fair value through profit or loss	1,024,165	17.06	888,516	16.49
Financial assets measured at fair value through other comprehensive income-debt instruments	668,812	11.14	503,536	9.35
Financial assets measured at fair value through other comprehensive income-equity instruments	4,637	0.07	7,326	0.13
Financial assets measured at amortized cost	4,306,513	71.73	3,988,210	74.03
Total financial investments	6,004,127	100.00	5,387,588	100.00

Investment Structure by Type of Investment Instruments

In RMB million, except for percentages

Item	December 31, 2024 Amount	December 31, 2024 Percentage (%)	December 31, 2023 Amount	December 31, 2023 Percentage (%)
Debt instruments	5,998,356	99.90	5,378,359	99.83
Equity instruments	5,771	0.10	9,229	0.17
Total financial investments	6,004,127	100.00	5,387,588	100.00

Investments in Debt Securities

As at the end of the reporting period, the Bank's investments in debt securities amounted to RMB4,637,963 million, representing an increase of RMB561,773 million or 13.78% compared with the prior year-end. The increase was mainly due to the Bank's continuous optimization of its bond investment structure and increased investment in government bonds and bonds issued by financial institutions with a high RAROC.

Investments in Debt Securities by Issuing Institution

In RMB million, except for percentages

Item	December 31, 2024 Amount	December 31, 2024 Percentage (%)	December 31, 2023 Amount	December 31, 2023 Percentage (%)
Bonds issued by financial institutions	2,396,235	51.66	2,146,311	52.65
Government bonds	2,014,553	43.44	1,662,081	40.78
Corporate bonds	227,175	4.90	267,798	6.57
Total investments in debt securities	4,637,963	100.00	4,076,190	100.00

Analysis of Financial Statements

Investments in Debt Securities by Remaining Maturity

In RMB million, except for percentages

Item	December 31, 2024 Amount	December 31, 2024 Percentage (%)	December 31, 2023 Amount	December 31, 2023 Percentage (%)
Overdue	10	0.00	10	0.00
Within 3 months	121,874	2.63	180,029	4.42
3-12 months	546,722	11.79	224,946	5.52
1-5 years	2,174,783	46.89	1,871,424	45.92
Over 5 years	1,794,574	38.69	1,799,781	44.14
Total investments in debt securities	4,637,963	100.00	4,076,190	100.00

Investments in Debt Securities by Currency

In RMB million, except for percentages

Item	December 31, 2024 Amount	December 31, 2024 Percentage (%)	December 31, 2023 Amount	December 31, 2023 Percentage (%)
RMB	4,588,306	98.93	4,019,099	98.60
Foreign currencies	49,657	1.07	57,091	1.40
Total investments in debt securities	4,637,963	100.00	4,076,190	100.00

Financial Bonds

As at the end of the reporting period, the Bank held RMB2,396,235 million of bonds issued by financial institutions, of which, bonds issued by policy banks amounted to RMB1,973,865 million, accounting for 82.37% of the total.

Top Ten Financial Bonds in Terms of Par Value

In RMB million, except for percentages

Debt securities	Par value	Annual interest rate (%)	Maturity date	Allowance for Impairment losses[1]
2015 Policy Financial Bonds	57,651.15	3.71	2025/8/31	–
2021 Policy Financial Bonds	49,255.00	3.41	2031/6/7	–
2021 Policy Financial Bonds	37,930.00	3.12	2031/9/13	–
2021 Policy Financial Bonds	36,600.00	3.66	2031/3/1	–
2017 Policy Financial Bonds	34,510.00	4.04	2027/4/10	–
2022 Policy Financial Bonds	33,940.00	2.61	2027/1/27	–
2015 Policy Financial Bonds	33,741.10	2.29	2035/9/28	–
2016 Policy Financial Bonds	33,730.00	3.05	2026/8/25	–
2019 Policy Financial Bonds	33,610.00	3.48	2029/1/8	–
2022 Policy Financial Bonds	31,320.00	2.91	2029/2/21	–

Note (1): Excludes allowance for impairment losses for the stage 1 set aside in accordance with the new financial instrument standards.

Liabilities

The Bank earnestly implemented regulatory requirements, established and improved the liability quality management system, and regarded high-quality liabilities as the basis for steady operations and the cornerstone for serving the real economy. During the reporting period, the Bank continuously consolidated the scale and quality of customers, took personal deposits as the focus of core liability businesses, achieved steady growth in the scale of deposits and sustained a stable source of deposits. It adhered to the principle of balanced development of volume and pricing, strengthened pricing management and promoted the steady decline of the cost of liabilities. It proactively expanded funding channels and improved diversity in liability structure. It scientifically made coordinated arrangement for funding source and the total amount, structure and pace of utilization, and realized a comprehensive balance between liquidity and profitability. It adhered to compliance in business operation, carried out transactions, accounting and statistics of liabilities in a legally compliant way, and firmly guarded against risks. The quality of liability business improved steadily, with the relevant indicators performing well.

As at the end of the reporting period, the Bank's total liabilities amounted to RMB16,053,261 million, representing an increase of RMB1,283,246 million, or 8.69% compared with the prior year-end. Customer deposits amounted to RMB15,287,541 million, representing an increase of RMB1,331,578 million, or 9.54% compared with the prior year-end; deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements amounted to a total of RMB377,422 million, representing a decrease of RMB51,457 million, or 12.00% compared with the prior year-end.

Key Items of Liabilities

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Customer deposits	15,287,541	95.23	13,955,963	94.49
Deposits from banks and other financial institutions	135,599	0.84	95,303	0.65
Placements from banks and other financial institutions	47,299	0.29	60,212	0.41
Financial assets sold under repurchase agreements	194,524	1.21	273,364	1.85
Debt securities issued	241,980	1.51	261,138	1.77
Borrowings from central bank	26,138	0.16	33,835	0.23
Other liabilities	120,180	0.76	90,200	0.60
Total liabilities	16,053,261	100.00	14,770,015	100.00

Analysis of Financial Statements

Customer Deposits

As at the end of the reporting period, the Bank's customer deposits amounted to RMB15,287,541 million, representing an increase of RMB1,331,578 million, or 9.54% compared with the prior year-end. The scale of core liabilities maintained steady growth.

In particular, personal deposits amounted to RMB13,628,538 million, representing an increase of RMB1,133,682 million, or 9.07% compared with the prior year-end. It was mainly driven by growth in deposits with maturities of one year or less as the Bank adhered to the philosophy of high-quality deposit development and continued to optimize the structure of deposits. Corporate deposits amounted to RMB1,656,247 million, representing an increase of RMB197,810 million, or 13.56% compared with the prior year-end. It was mainly because the Bank focused on the cultivation of clients with the Bank acting as the lead bank, thoroughly implemented the new "1 plus N" operation and service system, and constantly improved the comprehensive financial service capability for corporate customers, resulting in relatively fast growth in corporate deposits.

Customer Deposits by Product and Customer

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Personal deposits	13,628,538	89.15	12,494,856	89.53
Demand deposits	3,239,491	21.19	3,146,947	22.55
Time deposits	10,389,047	67.96	9,347,909	66.98
Corporate deposits	1,656,247	10.83	1,458,437	10.45
Demand deposits	904,244	5.91	881,226	6.31
Time deposits	752,003	4.92	577,211	4.14
Other deposits(1)	2,756	0.02	2,670	0.02
Customer deposits	15,287,541	100.00	13,955,963	100.00

Note (1): Other deposits consist of remittance payable, credit card deposits, outbound remittance, etc.

Customer Deposits by Geographical Region

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	2,692	0.02	2,611	0.02
Yangtze River Delta	2,478,451	16.21	2,253,741	16.15
Pearl River Delta	1,366,740	8.94	1,261,259	9.04
Bohai Rim	2,355,917	15.41	2,118,581	15.18
Central China	4,806,448	31.44	4,352,943	31.19
Western China	3,174,005	20.76	2,936,282	21.04
Northeastern China	1,103,288	7.22	1,030,546	7.38
Customer deposits	15,287,541	100.00	13,955,963	100.00

Customer Deposits by Remaining Maturity

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Repayable on demand	4,215,516	27.57	4,077,821	29.22
Within 3 months	4,448,012	29.10	3,782,457	27.10
3-12 months	5,324,083	34.83	4,717,812	33.81
1-5 years	1,299,930	8.50	1,377,873	9.87
Customer deposits	15,287,541	100.00	13,955,963	100.00

Analysis of Financial Statements

Equity

As at the end of the reporting period, the Bank's total equity amounted to RMB1,031,649 million, representing an increase of RMB75,033 million, or 7.84% compared with the prior year-end, which was mainly attributable to net profit and issuance of perpetual bonds during the reporting period.

Composition of Equity

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Share capital	99,161	9.61	99,161	10.37
Other equity instruments – perpetual bonds	199,986	19.39	169,986	17.77
Capital reserve	162,681	15.77	162,682	17.01
Other comprehensive income	9,071	0.88	5,034	0.53
Surplus reserve	75,540	7.32	67,010	7.00
General reserve	219,887	21.31	201,696	21.08
Retained earnings	263,343	25.53	249,304	26.06
Equity attributable to equity holders of the Bank	1,029,669	99.81	954,873	99.82
Non-controlling interests	1,980	0.19	1,743	0.18
Total equity	1,031,649	100.00	956,616	100.00

Off-Balance Sheet Items

The Bank's off-balance sheet items primarily include derivative financial instruments, contingent liabilities and commitments.

Derivative financial instruments mainly include interest rate contracts, exchange rate contracts and others. For details of notional amount and fair value of derivative financial instruments, please refer to "Notes to the Consolidated Financial Statements – 18 Derivative financial assets and liabilities".

Contingent liabilities and commitments mainly consist of lawsuits and claims, capital commitments, credit commitments, collateralized and pledged assets, and commitments on redemption of government bonds. For details of contingent liabilities and commitments, please refer to "Notes to the Consolidated Financial Statements – 42 Contingent liabilities and commitments". Credit commitments consist of loan commitments, bank acceptances, guarantees and letters of guarantee, letters of credit and unused credit card commitments.

Components of Credit Commitments

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Loan commitments	27,543	2.88	54,667	6.33
Bank acceptances	186,026	19.45	161,994	18.77
Guarantees and letters of guarantee	123,816	12.95	90,880	10.53
Letters of credit	127,969	13.38	95,177	11.03
Unused credit card commitments	490,968	51.34	460,229	53.34
Total credit commitments	956,322	100.00	862,947	100.00

Analysis of Cash Flow Statement

During the reporting period, net cash inflow generated from operating activities of the Bank was RMB397,276 million, a year-on-year increase of RMB133,939 million, mainly due to the increase in cash received from customer deposits compared with the prior year.

During the reporting period, net cash outflow used in investing activities of the Bank amounted to RMB480,399 million, representing a year-on-year increase of RMB237,971 million, primarily due to the increase in cash paid for investments in debt securities compared with the prior year.

During the reporting period, net cash outflow used in financing activities of the Bank was RMB30,778 million, compared with a net cash inflow of RMB192,247 million in the prior year, mainly due to the decrease in cash received from interbank certificates of deposit issued by the Bank during the current period compared with the prior year.

Other Financial Information

Explanation of Changes in Accounting Policies

There were no significant changes in accounting policies of the Bank during the reporting period.

Explanation of Differences in Financial Statements Prepared Under Domestic and International Accounting Standards

There was no difference between the net profit attributable to equity holders of the Bank during the reporting period and the equity attributable to equity holders of the Bank at the end of the reporting period in the financial statements prepared by the Bank under PRC GAAP and the corresponding figures prepared by the Bank under IFRSs.

Information on Debt Securities

During the reporting period, the Bank did not issue any enterprise bonds, corporate bonds or debt financing instruments of non-financial enterprises that need to be disclosed in accordance with the Standards Concerning the Contents and Formats of Information Disclosure by Companies Publicly Offering Securities No. 2 – Contents and Formats of Annual Reports and the Management Measures for the Information Disclosure of Corporate Credit Bonds.

Business Overview

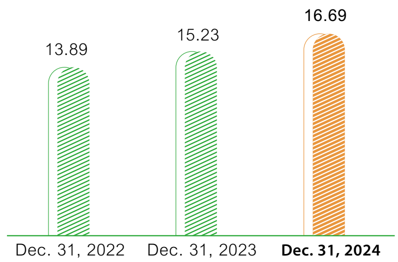
Retail Banking Business

The Bank served **673** million personal customers.

Its AUM of personal customers amounted to RMB **16.69** trillion, an increase of RMB **1.46** trillion from the prior year-end.

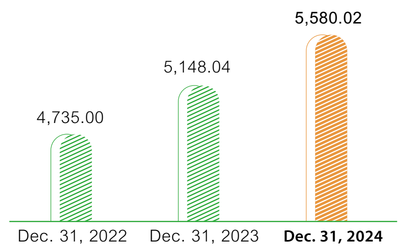
AUM
(In RMB trillion)

Increase from the prior year-end **9.60%**



Number of VIP Customers
(In 10,000)

Increase from the prior year-end **8.39%**



Unswervingly following the strategy of building a first-tier large retail bank and remaining committed to serving the people through financial services, the Bank deeply cultivated the development of the "major capabilities in six aspects"[1] and implemented refined management, activated the internal driving force of development, and leveraged financial power to contribute to China's efforts of building a financial powerhouse. As at the end of the reporting period, personal deposits totaled RMB13.63 trillion, up by RMB1.13 trillion over the prior year-end, and personal loans amounted to RMB4.77 trillion, up by RMB0.30 trillion from the prior year-end.

1 The "major capabilities in six aspects" refer to capabilities in terms of core business, system support, coordination and integration, technological facilitation, institutional drive and innovation leadership.

The Bank refined the tiered and classified service system for customers to meet their multi-level and diversified financial service needs. It built a progressive, chain-like retail customer service system, provided customers with convenient and high-quality deposit and settlement services, closely followed macroeconomic policies and market trends, upheld investment analysis as guidance, actively captured market opportunities, and supported customers' asset growth through asset allocation. With a focus on the needs of specific customer groups, the Bank constructed a three-dimensional pension finance system featuring "three horizontal layers and three vertical lines", launched exclusive credit products of proactive credit extension, introduced the "PSBC Score" credit tool for proactive customer acquisition, and established a large payment and settlement platform. It intensified the promotion of quick payments and credit card and injected financial vitality into the creation of a better life for customers.

The Bank strengthened the "digital + scenario-based" operation, advanced business model transformation and upgrading, and built a more open and ecological financial service system. It firmly grasped opportunities brought by the county-level markets advantageous to the Bank, introduced industry-specific payment solutions, and bridged the gaps in transaction and payment links within closed settlement markets. It launched a private banking section on mobile banking to provide customers with a clear interface and convenient premium service experience. Additionally, the Bank established the "One County, One Mall" preferential merchant system, created an entrance for merchant acquiring, expanded the openness of the mobile banking platform, and constructed a new "scenarios + merchants + finance" service model integrating both online and offline channels. The Bank also innovatively upgraded its "AI + finance" digital and intelligent service capabilities, launched the AI-powered assistant "You Ask", and enhanced the whole-process service companion for customers.

Tiered Customer Service System

The Bank provided differentiated financial service solutions for customers at different asset levels and established an operation mechanism that helps customers progressively move upward through the service.

Winning the Mass Market Customers through High-quality Services

Focusing on mass market customers' comprehensive financial service demands, the Bank optimized service models to offer retail banking services that are available anytime, anywhere, and at the convenience of customers.

The Bank consolidated traditional business and offered more targeted services. It provided convenient **personal deposit services** that benefit its customers. During the Spring Festival peak season, the Bank launched the "PSBC Love" campaign for migrant workers returning to their hometowns and reinforced its advantages in counties. The Bank's personal deposits in counties and areas below the county level accounted for nearly 70% of its total personal deposits. The Bank designed new products and offered exclusive products for key customer groups such as payroll customers, middle-aged and senior customers and social security customers to meet their differentiated financial needs. The Bank expanded sources of demand deposits, introduced industry-specific payment features, and bridged the gaps in transaction and payment links within closed settlement markets to accumulate demand deposit funds. As at the end of the reporting period, the balance of the Bank's personal deposits reached RMB13.63 trillion.

Retail Banking Business

The Bank kept up with the pulse of people's livelihoods and enhanced attentive services. In terms of **debit card**, based on the "finance + scenario" model, the Bank launched innovative products such as the "Customized Kiddie Card for the Year of Dragon" and "Family Reunion Themed Customized Card", as well as co-branded cards like the Ctrip Co-branded Card, Coffee Post Office Card and Smart AI Customized Card. The Bank also improved the customer benefits system of "Colorful YOUNG Life Illustrated Handbook" product. All these efforts have injected vitality into customers' daily high-frequency consumption. During the reporting period, the spending via the Bank's debit cards totaled RMB7.82 trillion. In terms of **personal foreign currency business**, for the convenience of payment, the Bank provided personal customers with various international settlement services such as cross-border telegraphic transfer (T/T) and Western Union remittance. It also provided Cross-Border Wealth Management Connect (Southbound) services for customers in the Greater Bay Area and introduced innovative foreign currency deposit and U.S. dollar wealth management products to continuously meet customers' financial needs for foreign exchanges. During the reporting period, the number of transactions for personal international settlement was 160.4 thousand, with a transaction volume of USD362 million.

The Bank focused on empowering innovation and unlocking service potential. The **agency payment business** took resource integration as a driving force. At the B-end, the Bank sped up the launch of online and mobile products and services. At the C-end, the Bank upgraded the "payroll customer section" on mobile banking and provided customers with comprehensive, one-stop financial solutions. During the reporting period, the Bank's agency collection amounted to RMB583,889 million, and agency payment totaled RMB1,962,237 million, of which the agency collection of social security pension amounted to RMB46,531 million and the agency payment of social security pension amounted to RMB1,005,942 million. The Bank built a new model for the innovative and centralized operation of **electronic payment**. It launched the "i Cube Customer Operations Platform" to promote precision marketing, which covers the full process of marketing, including "data-driven analysis, online customer reach, precise marketing, and convenient evaluation". The Bank strengthened collaboration, integrated bank-wide resources, promoted the "Smart Versatile Coupon Platform", and fostered the integrated development of multiple business lines. During the reporting period, the transaction volume of the Bank's electronic payments reached RMB7.03 trillion.

Providing Professional Support to Escort Wealth Customers

The Bank proactively met the multi-level wealth management needs of customers, continuously advanced capability development, and strove to develop wealth management as one of its growth poles.

Always putting customer interests first, the Bank selected quality products from across the market and built a wealth management product and service platform that covers products and services of "all categories" and with "diverse strategies and comprehensive features". During the reporting period, the Bank continued to enrich its insurance product shelf to meet customers' needs for rigid protection and cross-stage wealth planning. The proportion of regular premiums steadily increased, with the regular premiums of new policies amounting to RMB110,450 million, accounting for 61.77% of the total premiums of new policies, up by 17.20 percentage points year on year. In terms of wealth management products, the Bank integrated its advantages, selected products based on the principle of "high certainty", "low volatility" and "strong stability", and seized investment opportunities in the market. The sales of personal wealth management products totaled RMB1.63 trillion for the year. The Bank took fund products with an absolute return strategy as the core of customers' portfolios and properly increased the supply of index and overseas products to improve customer investment experience, with non-monetary fund sales reaching RMB163.7 billion. In terms of asset management plans (including trust plans), based on a global perspective, the Bank increased the products such as domestic and overseas multi-asset indices, quantitative arbitrage and "fixed-income +" derivatives. The scale of the asset management and trust business reached RMB105,818 million, an increase of 16.57% year on year. The Bank actively promoted the campaign of "Making Government Bonds Available in the Countryside", with savings treasury bonds held by its customers totaling RMB141,703 million. In terms of precious metals, the Bank seized gold allocation opportunities and enriched its own-label product system, with "PSBC Gold" sales reaching RMB1,363 million, an increase of 78.46% year on year.

The Bank deepened investor education and brought financial education to every household. The Bank persistently carried out investor education. Leveraging nearly 40,000 outlets nationwide as platforms, it continuously organized the "Weekly Wealth Management Lecture" campaign to cultivate customers' asset allocation concepts. The Bank strengthened its "finance + education" service capabilities. Focusing on the needs of high-end customers for child education, it organized nearly 300 series activities themed on "Promoting Talent Growth for a Better Future", which covered over 280,000 customers. The Bank integrated online and offline publicity channels. It hosted the 4th PSBC Wealth Management Festival themed on "Guarding Asset Security and Enjoying Wealth Life" and achieved more than 703 million exposures and over 11,900 clicks. Additionally, in collaboration with Tencent News, the Bank launched The Answer to Wealth II, the first-ever domestic financial literacy documentary, which deeply explores the path of wealth progression. During the reporting period, the Bank was honored with the Gamma Award for Wealth Management Bank at the 2024 Gamma Awards for China's Banking Industry presented by Securities Times, and was also awarded the Banking Wealth Management Brand Award of the Year in the 2024 SSE•Golden Wealth Management selection by Shanghai Securities News.

The Bank forged core capabilities in private banking and remained steadfast in delivering professional private banking services. The Bank innovatively established a simplified private banking model and built over 10 private banking centers directly operated and managed by the Head Office's professional team. The Bank provided high-intensity offline team training while strengthening online operational guidance, capability development and service case analysis to enable agile implementation and professional empowerment for the private banking center operations. The Bank closely monitored changes in customer needs and enriched exclusive products and non-financial benefits for private banking customers. It also introduced the standard service procedures for Dingfu customer services, integrated key touchpoints across the customer life cycle, and set the customer service standards for cross-functional flexible teams, to create full-process companion service. The Bank upgraded its digital comprehensive financial services, launched a private banking section on mobile banking, and introduced new layouts for exclusive private banking products, private banking centers, entrepreneur services, family offices and other features, offering customers a clear and convenient premium service experience. As at the end of the reporting period, the number of private banking customers reached 34.2 thousand, a year-on-year increase of nearly 27%.

Retail Banking Business

Featured Services for Different Customer Groups

The Bank adopted a people-centered approach in providing financial services, built trust with customers through professional services, leveraged its resources to expand service offerings, and met the differentiated and comprehensive financial service needs of various customer groups.

Providing Personal Pension Customers with Featured Services

Adhering to its mission and responsibility to serve national strategies, the Bank built a three-dimensional pension finance system featuring "three horizontal layers and three vertical lines" and was committed to becoming a caring bank that accompanies customers in their retirement journey and an important service bank for the comprehensive promotion of national pension finance.

The Bank actively developed pension financial services, advanced the comprehensive implementation of the individual pension system, and completed the strategic upgrade from partial exploration to full-scale deployment. **Pension services were upgraded and improved.** Leveraging the "U Enjoy Future" pension section on mobile banking, the Bank created a digital pension financial service ecosystem and provided convenient, one-stop pension planning services. It continued to optimize account services and improved the entire life cycle journey of individual pension business, including account opening, contributions and product investments. It also introduced innovative products and launched retirement benefit calculator, pension simulation calculator, pension tax savings calculator, family pension accounts, automatic contributions, etc., all aimed at offering customers attentive pension financial products and services. **Pension products continued to be optimized.** The Bank offered a wide range of personal pension products covering deposits, wealth management products, funds, insurance and others. It leveraged both outlets and online channels to carry out comprehensive investor education campaigns to spread the pension concept of "planning now for a better future" to customers. It also held the pension finance forum themed on "Co-Drawing the Pension Blueprint, U Enjoy a Better Future" to popularize personal pension policies. All these efforts provided financial support for the healthy development of the country's pension system.

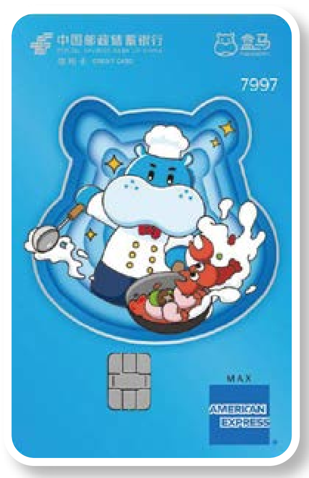
Activating Credit Card Customers through Refined Operations

Fully leveraging the unique role of credit cards as an important product in consumer finance and taking the "Consumption Promotion Year" series of activities as an opportunity, the Bank deepened system and mechanism reforms, built an intensive operation system and endogenous development capabilities, and promoted the steady and sustainable development of the credit card business. During the reporting period, 7,807.8 thousand new credit cards were issued and the number of credit cards in circulation reached 39,982.5 thousand. Credit card consumption amounted to RMB993,095 million, and the non-performing ratio of the credit card business was 1.48%, down by 0.23 percentage point from the prior year-end.

The Bank innovated marketing campaigns and upgraded the consumer experience. It actively carried out diversified marketing campaigns to stimulate consumption, built various online and offline scenarios, collaborated with major payment platforms such as WeChat and Alipay to launch online consumption-promoting activities, and drove continuous growth in the scale of quick transactions. Through headquarters-to-headquarters partnerships, marketing campaigns were carried out in scenarios such as shopping malls, restaurants and supermarkets. The Bank collaborated with merchants such as Wanda, Mixue Ice Cream & Tea and Yonghui to introduce preferential measures, creating convenient and comfortable consumption experience for customers. The number of "One County (District), One Mall" cooperative malls exceeded 1,000, which drove cooperation with more than 30,000 food and supermarket stores. **The Bank improved its product system and expanded brand influence.** It strengthened the R&D of personalized and youth-oriented products and launched new products such as the youth edition of the co-branded credit card with Luckin Coffee, the VISA Paris Olympic Games-Themed Card and the co-branded card with American Express and Freshippo. It focused on effective customer acquisition, enhanced customer acquisition through outlet-based scenarios, optimized marketing procedures, improved its outreach system, and promoted continuous improvement in the customer structure. In 2024, the Bank added more than 2.2 million new customers via proactive credit extension, a year-on-year increase of 123%. **The Bank enriched financial services to meet diverse consumer demands.** The Bank fully implemented the national trade-in policy for consumer goods, strengthened collaborations with local governments, shopping platforms and merchants to launch installment products supporting the trade-in program, and increased the promotion of automobile and merchant installment products, promoting steady growth in installment business volumes. The Bank also reinforced its centralized credit card operation system and strengthened capability building, enhanced empowerment via headquarters-led marketing campaigns and centralized operation, enriched the variety and forms of financial services, and continually improved service quality and efficiency.

Scan the QR code to watch the PSBC promotional video "Planning Now for a Better Future"

VISA Paris Olympic Games-Themed Card



Co-branded card with American Express and Freshippo

Retail Banking Business

Column

Developing a Pension Finance Service System and Tapping into the Potential of the Vast Pension Finance Market

As pension finance is one of the "five priorities" of the Central Financial Work Conference, the promotion of pension finance and the development of the silver economy are not only the requirements of the Central Financial Work Conference but also meet the needs of PSBC to leverage its own resource endowment. The Bank now serves over 280 million middle-aged and senior customers aged 55 and above, with the number of financial social security cards in circulation exceeding 120 million. The Bank integrates the optimization of pension finance into its strategic development, striving to become a caring bank that accompanies customers in their retirement journey and an important service bank for the comprehensive promotion of national pension finance.

The Bank built a three-dimensional pension finance system featuring "three horizontal layers and three vertical lines", deeply explored the three major areas of pension finance, elderly care service finance and elderly care industry finance, and achieved many practical results. **In terms of pension finance**, seizing the policy opportunity brought by the nationwide implementation of the personal pension system, the Bank made comprehensive arrangements as soon as possible, made overall plans for pension investor education, account services and distinctive functions, launched the personal pension service brand of "U Enjoy Future", optimized the full-life cycle management of personal pension accounts, enriched featured personal pension services, and achieved rapid promotion of personal pension business. **In terms of elderly care service finance**, the Bank launched the featured brand of "Anxiang Jinhui" (Embrace Sunset Years), equipped offline outlets with courtesy seats, courtesy counters and other accessibility facilities, upgraded elderly-adapted functions of counters and self-service equipment, and offered caring services including priority handling, full-process attention and proactive assistance to senior customers, allowing them to handle business with ease. The Bank optimized the senior customer experience through online channels. It expanded the application scenarios of voice services on the large-font version of the personal mobile banking app and provided accompanying remote services through the 95580 "dedicated hotline for the elderly" to help senior customers overcome the "digital divide". **In terms of the elderly care industry finance**, the Bank established a "523" integrated marketing system[1], innovatively launched the fund supervision service for elderly care service institutions, proactively connected with various players in the elderly care industry, and comprehensively improved its capability to serve the elderly care industry with financial services.

In 2024, PSBC Beijing Branch set up 21 "Jinhui Stations", which serve as an important platform for serving the elderly and meeting the needs of elderly customers for comprehensive services such as health, safety, learning, recreation and asset planning, making elderly services "within reach" through "touching services". PSBC Chongqing Branch actively responded to the requirements of the local Bureau of Human Resources and Social Security for the construction of convenience service circle, and launched 20 high-frequency social security services on the intelligent teller machines of its outlets, taking the initiative to close the "last mile" gap of services for citizens covered by social security, and ensuring that social security services for the general public can be "done nearby, conveniently and quickly".

1 The "523" integrated marketing system refers to "five key areas, two strategies, and three types of marketing and service models". The Bank focuses on five key areas, namely health care and wellness travel, integration of medical and elderly care services, institutional elderly care, smart health care and elderly care and silver product manufacturing; strengthens its customer group strategy and regional strategy; and innovatively promotes integrated marketing and service model serving the full-life cycle of projects, the marketing and service model for the whole industry chain, and the GBC (government, business, consumer) collaboration marketing and service model.

Leveraging Financial Strength to Support Credit Customers

Serving Consumers with In-Depth Management and Better Services

The Bank focused on the consumption needs of residents and strengthened credit support in key areas. During the reporting period, the Bank actively responded to national policies regarding residential mortgage loans. Based on market changes, it seized opportunities brought by vibrant areas and high-quality channels and continuously met people's demand for buying homes or diverse needs of improving their housing situation. The Bank also firmly grasped the development opportunities presented by green and low-carbon consumption and trade-in programs, strengthened credit support in areas such as automobiles and diverse consumption, and contributed to the improvement and expansion of resident consumption. As at the end of the reporting period, the balance of personal consumer loans stood at RMB2,995,999 million, with a net increase of RMB137,258 million, of which the net increase of housing loans was RMB44,155 million and the net increase of other consumer loans was RMB93,103 million.

The Bank continued to enhance its customer acquisition capabilities. Internally, the Bank focused on the in-depth management of 673 million existing customers. With proactive credit extension as a key approach, it launched the "PSBC Score" tool for customer acquisition and developed a new online credit business model. Externally, the Bank strengthened partnerships with high-quality channels and leveraged the resources of its outlets located in lower-tier markets to strengthen scenario-based service capabilities. Seizing the opportunities presented by trade-in deals for consumer goods, the Bank organized the fourth "PSBC-Sponsored Car Purchase Season for Rural Areas" campaign and conducted over 2,000 joint marketing events with OEMs. It also seized development opportunities in the new urbanization process and expanded housing credit business in counties. The Bank focused on customer experience and enhanced its digital and intelligent service capabilities. The Bank refined its online procedures, restructured the "You Enjoy Credit" product and transformed its business procedures, and upgraded its marketing model to be more lightweight and convenient. It also launched an online property valuation function, introduced an online pre-approval model, and improved online house-viewing services on mobile banking, to streamline business procedures and enhance operational efficiency. The Bank strengthened operational support, enhanced capabilities of intensive and digital operations, and accelerated the transformation of its intensive operations. On the basis of centralized review and approval for auto loans across the Bank, the review and approval of all types of consumer credit in 16 provincial branches were centralized. The volume of centralized approvals accounted for approximately 40% of the total. Additionally, the Bank gradually built a centralized post-lending system to reinforce the Head Office's role in collections. Over 60% of collection tasks were handled by intelligent voice technology and the operational efficiency was significantly improved.

Supporting Personal Business Customers with High-Quality Services

The Bank took the enhancement of value as the core goal, persistently improved capabilities, promoted reforms, and sought development. It deeply advanced key tasks such as proactive credit extension for the Sannong business, specialty industry development and centralized operations, strengthened risk control of micro loans, and promoted the steady development of Sannong financial services.

In terms of business development, the Bank further advanced proactive credit extension for the Sannong business, created an omni-channel and multi-dimensional customer marketing system, and launched exclusive products for proactive credit extension to offer customers with convenient loan services. The Bank also focused on the development of specialty industries and scenarios and adopted a "one industry, one solution" approach to promote the "Industry Loan" business. It promoted grid-based development of the rural market and developed exemplary villages for grid-based development. Furthermore, the Bank introduced a "credit + acquiring" combination product, which enhanced its ability to acquire and manage merchant customers with integrated services. **In terms of the operating model,** the Bank set up a digital Sannong customer operation platform, set the tasks for the full-life cycle operation of existing customers, and adopted an "online + offline" approach to enhance customer acquisition and activation capabilities effectively. It restructured the micro loan product procedures and unified credit extension logic, operational workflows and system base. It advanced efforts to enhance the professional competence of account managers. By improving performance appraisal, tiered management, capacity training and team management, the Bank developed a strong and efficient team of account managers. **In terms of risk management,** the Bank continued to optimize its risk control strategies for micro loan products, strengthened centralized operations and standardized management of the review and approval process, and ensured the newly issued loans are extended to customers with higher ratings. The Bank also intensified forward-looking risk identification and control, took initiative to identify and exit from businesses with high-risk customers, took solid steps to ensure that repayment funds for large-sum businesses are in place, and strictly implemented case prevention and compliance management. As at the end of the reporting period, the outstanding personal micro loans amounted to RMB1.54 trillion, an increase of RMB145,136 million from the prior year-end.

Column

Accelerating Proactive Credit Extension to Create a Differentiated Growth Pole for PSBC

In 2024, the Bank achieved rapid growth in its proactive credit extension business and had excellent risk performance. As at the end of the reporting period, the balance of loans granted through proactive credit extension surpassed RMB280 billion, and the NPL ratio was kept within 1%. After exploration and accumulation, the proactive credit extension model has been continuously improved in customer mining, marketing outreach, process design, risk control and post-lending management capabilities, and has grown into a differentiated growth pole for the Bank. The proactive credit extension project also won the First Prize of FinTech Development Award by People's Bank of China.

The Bank innovated the pre-credit extension model. Based on the data of over 670 million existing customers, the Bank developed over ten thousand portrait features to build a whitelist of over one hundred million high-quality farmers, merchants and customers, and matched each customer with an exclusive pre-approved line of credit and pricing, achieving an organic unity of wide customer coverage and precise targeted marketing. **The Bank innovated the omni-channel and three-dimensional marketing system.** It coordinated omni-channel customer touchpoints such as SMS, mobile banking, intelligent voice, human agents and counter machines to build a three-dimensional marketing network with mobile banking and intelligent customer service as the core, so as to improve marketing conversion efficiency while avoiding excessive disturbance to customers. **The Bank innovated the one-click loan application model.** It greatly simplified the application process and materials through background data preparation, collection and reflection, enabling customers to obtain loans through three steps of "authorization, face recognition and application submission". **The Bank innovated the digital and intelligent risk control system.** With big data intelligent risk control technology as the core, the Bank developed real-time offensive and defensive capabilities against telecommunications fraud and credit fraud, and provided customers with instant loan approval while preventing risks. **The Bank innovated the full-chain integrated post-lending management system.** It coordinated online and offline resources and resources from both the headquarters and branches to achieve close coordination of post-lending early warning, overdue loan collection and asset preservation measures, and strengthened AI technology empowerment and intensive management to achieve two-way improvement in resource input and management.

Corporate Banking Business

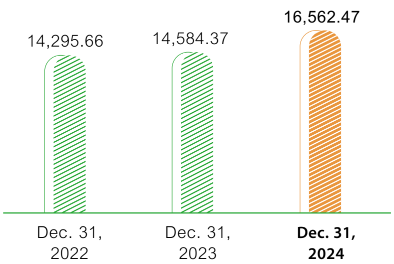
The operating income of corporate banking business was RMB68,723 million, up by 14.91% year on year.

The finance product aggregate (FPA) totaled RMB5.56 trillion, an increase of RMB0.88 trillion over the prior year-end.

The Bank served over 90,000 sci-tech enterprises, a growth of over 30% from the prior year-end, and the financing balance exceeded RMB500 billion, an increase of more than 40% from the prior year-end.

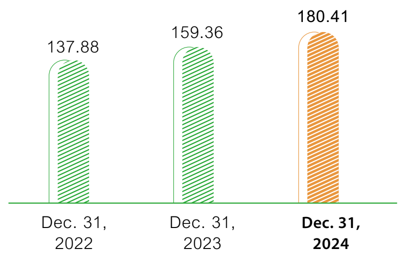
Corporate deposits
(In RMB100 million)

Increase from the prior year-end **13.56%**



Number of corporate customers
(In 10,000)

Increase from the prior year-end **13.21%**



For the corporate banking business, the Bank focused on effectively improving quality and reasonably growing volume and strengthened high-quality financial services for major strategies, key areas and weak links. The Bank adhered to refined strategy management, optimized resource allocation, improved management quality and efficiency, advanced the implementation of the new "1 plus N" operation and service system, and maintained a sound development momentum. As at the end of the reporting period, the total number of corporate customers reached 1,804.1 thousand, with an annual increase of 339 thousand customers, a growth of 13.21% from the prior year-end. The Bank continued to improve its professional service system for technology finance and provided full-life cycle services for sci-tech enterprises. The number of sci-tech customers served by the Bank grew by over 30% from the prior year-end, and the financing balance increased by more than 40% from the prior year-end. The finance product aggregate (FPA) totaled RMB5.56 trillion, up by RMB0.88 trillion, or 18.86% from the prior year-end. Corporate loans amounted to RMB3,649,163 million, up by RMB434,692 million, or 13.52% from the prior year-end. Corporate deposits amounted to RMB1,656,247 million, up by RMB197,810 million, or 13.56% from the prior year-end. The operating income of corporate banking business reached RMB68,723 million, up by 14.91% year on year, with the intermediary business income up by 42.59% year on year.

Corporate Banking Business

Business System Development

The Bank accelerated the transformation of service models. The Bank strengthened the tiered and categorized management of customers, focused on key customer groups, and implemented targeted strategies to meet customer needs with differentiated services. It integrated full-process closed-loop management into the primary bank customer management ecosystem and met the diverse needs of medium and large-sized customers through group services and integrated services. It also focused on small and medium-sized customers upstream and downstream of the large enterprises via the creation of scenarios and ecosystem building. Additionally, with digital and intelligent support and online outreach, the Bank improved its operational efficiency in serving long-tail micro and small customers. As at the end of the reporting period, the number of customers with the Bank acting as their primary bank increased by 110.49% over the prior year-end.

The Bank enhanced team capability at a faster pace. It further integrated efforts of corporate account managers, promoted a service model featuring "an account manager taking charge and another one providing assistance", and assigned account managers differentiated authority to carry out key businesses. The Bank also promoted the application of the "1 + N + X" performance appraisal plan, strengthened a value creation-oriented approach, and guided efficient collaboration across front, middle and back offices to drive innovation. A corporate banking skill competition "Battle It Out" was held to combine theory and practice, further enhancing the team's professional capabilities.

"Battle It Out" Skill Competition: PSBC Beijing Branch actively applied the "future-oriented" model to serve new quality productive forces.

The Bank sped up the development of government, business, and consumer (GBC) collaboration[1] system. It strengthened the foundation, promoted collaboration, and enhanced support, with a focus on seven major areas, including strengthening organization and leadership and improving the quality and efficiency of cooperation. It concentrated on 34 collaboration scenarios, such as local government bonds and provident funds, and leveraged government-end policies, funds and information sources to offer targeted services to downstream B-end (businesses) and C-end (consumers) customers. The Bank used "fund flow" to build an "ecosystem", created a systemic development advantage, and empowered the strategic goal of becoming a first-tier large retail bank. For example, in the local government bond collaboration scenario, the Bank further expanded to project implementation entities such as government platforms, hospitals and schools, and to construction and labor service companies, to drive business development in funds settlement, payroll distribution and personal credit card services.

The Bank developed a corporate wealth management system. The Bank actively responded to customers' increasing demand for liquidity management, asset preservation and appreciation, and personalized financing and credit services and continuously enriched its product offerings. Leveraging technologies such as artificial intelligence and big data, it developed a corporate wealth service system and offered personalized corporate wealth management reports. The Bank also held the "U Gravity" Corporate Wealth Management Forum to build a communication bridge with corporate wealth customers. As at the end of the reporting period, the number of corporate wealth customers reached 58.9 thousand, with a compound annual growth rate of over 100% in the past three years. The premiums of agency sales of corporate policies ranked among the top in the market within three years of launch and the agency sales of corporate wealth management products exceeded RMB100 billion.

1 GBC collaboration refers to creating a full-chain closed-loop marketing mechanism serving G end (government), B end (enterprises), and C end (individual customers) through collaboration.

The Bank advanced the development of a digital and intelligent system. The Bank built a new-generation core system for corporate business, used a modular distributed technology platform as the base, deployed the infrastructure which included server hardware, operating systems and databases with domestically produced solutions, and achieved full-stack self-control. The system's load peak increased by 3000%, and transaction processing speed was improved by an average of approximately 685%, which further optimized business processes and deeply explored the "digital + customer service" transformation system. The Bank launched a new transaction banking digital and intelligent integrated service platform (treasury) to empower large and medium-sized enterprises ("LMEs") with financial asset management. It innovated the enterprise fund management system and ensured complete visibility of corporate bank accounts, full control of collected funds, and full traceability of fund flows. This system comprehensively met the diverse needs of enterprises for "visibility, control, flexibility and optimal use" of financial resources such as funds. The Bank fully developed the "PSBC Facilitates Corporate Operation" platform to serve SMEs and strengthened the ecosystem for settlement services innovatively. The Bank leveraged basic account services, aggregated "finance + non-finance" scenarios, and carried out scenario development, solution transformation and campaign promotion, to continuously empower the digital transformation of SMEs, enhance its capability to expand transaction settlements and acquire customers through financial scenarios. The Bank independently developed a government service financial cloud platform to cater to the diverse and personalized financial service needs of government service customers. It developed several subsystems, including "medical account connection", "agricultural business matchmaking", "smart education" and "smart courts", to provide intelligent solutions such as hospital automatic reconciliation, agricultural business transaction matchmaking, digital transformation of education and full-process management of bankruptcy cases. Guided by a customer value-driven approach, the Bank enhanced the application of digital and intelligent technologies in financial services and formed a digital and intelligent system that served LMEs, micro, small and medium-sized enterprises, and government service customers.

The Bank built a multi-dimensional marketing advantage. The Bank continuously strengthened the application of a multi-dimensional marketing model and achieved a closed loop of business cycle that includes "customer acquisition, customer activation, customer retention and value conversion". The Bank enriched tools for the digital marketing outreach and leveraged the four key platforms, i.e., corporate online banking, corporate mobile banking, corporate WeChat banking and the "PSBC Enterprise Assistant" mini-program, together with remote banking, to ensure seamless and efficient service for corporate customers. The Bank also enhanced its data foundation from multiple dimensions, constructed a comprehensive, accurate and dynamic corporate knowledge graph and an automatic data collection mechanism for customers' online behaviors, analyzed customers' online behavioral patterns, and strengthened tiered and categorized operations of customers. The Bank established a corporate customer online benefits center, customized diversified corporate marketing campaigns, and supported new customer acquisition and growth in settlement volume. Through enhanced coordination, the Bank focused on key scenarios such as chain-based customer acquisition, active use of corporate e-banking, payroll services, micro loans, corporate wealth management product promotion and online customer re-engagement and implemented a multi-dimensional marketing that combines online, offline, remote, and diversified marketing tools to significantly improve the customer experience.

Corporate Banking Business

Offering Innovative Products and Services

Treasury Management and Channel Services

The Bank aggregated the power of "new quality" products to empower the sustainable development of customers. The Bank integrated and launched the transaction banking "5U" and "Six Easy" service systems. Focusing on the domestic and foreign currency investment, financing and settlement needs of enterprises and their upstream and downstream customers, the Bank developed the "5U" series of products in trade finance and supply chain, which includes U-Chain, U-Certificate, U-Acceptance, U-Letter and U-Remittance and created a digital, scenario-based and convenient trade finance service system to continuously enhance customer service quality and efficiency. In addition, in meeting the full-range, full-chain and full-channel management needs of enterprises for funds collection, payment and management in operations, the Bank innovatively developed the "Six Easy" digital settlement service system, including "Easy Corporate Link", "Easy Corporate Collection", "Easy Corporate Payment", "Easy Aggregation", "Easy Corporate Business" and "Easy Corporate Management", comprehensively improving the full-chain operation and management efficiency of enterprises' business, finance and management.

The Bank strengthened product integration and innovation and enhanced the cash management "power chain". The Bank leveraged the new-generation core system for corporate business, deepened the transformation of its customer service capabilities, and built a brand new cash management service system. The system expanded and strengthened customer fund management capability and allowed customers to flexibly select from and combine 12 types of products such as physical fund pools, intelligent fund pools and corporate settlement cards. The transaction success rate was 99.99% and customer transaction processing time was reduced by 70%. This comprehensively assisted customers in achieving efficient operations, cost control and value growth. As at the end of the reporting period, the number of customers who have signed contracts for cash management with the Bank reached 868.7 thousand, an increase of 85.2 thousand from the prior year-end. The total transaction and settlement volume for the year exceeded RMB100 trillion.

The Bank focused on industry expansion and served the upgrade of the "industrial chain". Based on its unified and well-coordinated service mechanism across the Bank, the Bank innovated the supply chain finance product system, promoted the transformation of supply chain finance with less reliance on the credit line and guarantee from core enterprises, created an "ecological" development model, and established a brand new "U-Chain Smart Finance" brand for digital and intelligent industrial finance. As at the end of the reporting period, the number of core enterprise customers grew by 64.91% from the prior year-end and the number of financing customers on the chain increased by 53.81% from the prior year-end. Meanwhile, the Bank strengthened internal and external coordination, launched a "logistics finance" initiative, further enhanced scenario-based cooperation and data sharing, and created a logistics finance paradigm with PSBC characteristics.

Financing, Credit and Advisory Services

The Bank continued to develop its operation system featuring deepened cooperation between commercial banking and investment banking businesses. With synergized efforts in "financing + advisory", "debt + equity" and "underwriting + investment", the resource linkage and the value creation capabilities of the Bank's investment banking business were significantly enhanced. During the reporting period, investment banking generated an intermediary business income of RMB3,318 million, a year-on-year growth of 38.94%. As at the end of the reporting period, the FPA balance of the investment banking business reached RMB1.61 trillion, an increase of 28.80% from the prior year-end.

The Bank developed a comprehensive on- and off-balance-sheet financing service system for investment banking business. It supported the country's major strategies and key sectors via syndicated loans. Centering around "advisory services, lead-arranging and loan syndication distribution", the Bank gave full play to the advantages of syndicated loans in "leveraging large-scale projects with small amounts of funds and expanding FPA with low capital consumption". It actively innovated syndicated loan models, vigorously expanded businesses such as green syndicated loans, rural revitalization syndicated loans, sci-tech innovation syndicated loans and inclusive syndicated loans, and continuously promoted the high-quality development of syndicated loan business. As at the end of the reporting period, the balance of the Bank's syndicated loans exceeded RMB779.1 billion. **The Bank leveraged innovative bond financing to actively serve the real economy and the private economy.** During the reporting period, the Bank's underwriting scale of debt financing instruments for non-financial enterprises by the National Association of Financial Market Institutional Investors (NAFMII) reached RMB186,734 million, a year-on-year increase of 8.48%. Its underwriting scale of perpetual bonds ranked 7th in the market. During the reporting period, the Bank supported private enterprise financing and underwrote 39 private enterprise bonds which totaled RMB15,277 million, with a market ranking of 9th. The Bank also provided support services for the creation of Credit Risk Mitigation Warrants (CRMW) to help enterprises reduce financing costs. **The Bank expanded the non-banking matchmaking financing scale.** It integrated non-banking resources such as insurance, securities, leasing and equity investments within China Post Group and from external entities and broadened non-banking financing scenarios. During the reporting period, the non-banking matchmaking volume was quadrupled year on year. **The Bank leveraged the differentiated advantages of merger & acquisition (M&A) financing.** It focused on promoting M&A and restructuring activities such as asset revitalization, state-owned asset reform and industrial upgrading, and also increased support for new quality productive forces. Through a comprehensive service offering combining "M&A matchmaking, M&A advisory and M&A loans", the Bank centered its services around customers and precisely met their needs for strategic transformation and development. As at the end of the reporting period, the balance of the Bank's M&A loans reached RMB38.37 billion, an increase of 57.59% from the prior year-end.

The Bank focused on customer needs and enhanced advisory capabilities. The Bank integrated internal and external resources such as licenses, funds, technology and intellectual capital. It focused on the "five priorities" of the financial sector and the development of new quality productive forces and addressed customers' needs in investment, financing and operations. It enriched its financial advisory products and continued to provide comprehensive "online + offline" and "financing + advisory" services to its customers.

The Bank developed the "Smart Investment Bank" 1.0 to enhance digital and intelligent capabilities. The Bank successfully developed and completed the bond underwriting and distribution system (phase I) and the comprehensive operations system for investment banking (phase I). These systems have digitized business processes and visualized statistical analysis, effectively empowering refined business management. Notably, the Bank's bond underwriting and distribution system won the Excellence Project Award from the Cloud Application Branch of the China Computer Users Association.

Corporate Banking Business

Column

Strengthening Collaborative Services and Taking Multiple Measures to Provide Support for Enterprises to Revitalize Their Existing Assets

The Bank has thoroughly implemented the Central Government's strategic plan to "effectively revitalize existing assets to form a virtuous cycle between existing assets and new investments". By using diversified methods to support the revitalization of existing assets, the Bank has proactively integrated with the capital markets, supported the financial supply-side structural reform, and contributed to the high-quality development of the economy.

The Bank has strengthened top-level design and advanced work in a strategic manner. It has established a leadership team for revitalizing existing assets and actively promoted the establishment of rules and systems as well as resource integration. The Bank has also taken the deepening of the "1 plus N" operation and service system as the main task and linked the internal funds and asset ends. It has leveraged China Post Group's resources and licenses, established a cooperation mechanism with PSBC Wealth Management, China Post Securities Co., Ltd. and China Post Life Insurance Co., Ltd., strengthened the integrated service model between branches and the headquarters, and efficiently and precisely served the financial needs of enterprises for revitalizing existing assets.

The Bank has enhanced financial empowerment and provided comprehensive services. Based on different types of existing assets and their investment and financing needs at various stages of the asset life cycle, the Bank has applied a diversified range of methods including M&A, real estate investment trusts (REITs), asset securitization and covered bond (CB) to expand the market for asset revitalization. It has achieved breakthroughs in key business areas and accelerated the transition from basic services to upgraded ones.

The Bank has innovated models and created a model for asset revitalization. In terms of M&A loan business, the Bank has focused on asset revitalization, identified market niches, and achieved rapid growth. In terms of public REITs, the Bank has made initial progress. It has successfully launched the first consumer infrastructure REITs in southwestern China and become the strategic investor and recovery fund supervisor, and has also served as a leading bank of a Pre-REITs syndicated loan for a 5A-rated tourist destination. In addition, the Bank has made significant innovations in quasi-REITs and CB underwriting. It launched the country's first green quasi-REITs for commercial office buildings in the interbank market, the first exchangeable quasi-REITs in the interbank market, the first quasi-REITs with consolidated equity in the supply chain sector, the first innovative equity CB and the first structured and IP-focused CB for state-owned enterprises.

» The interbank green REITs project with green commercial office buildings (Wuxi Guolian Financial Tower) as the underlying assets in which the Bank served as a co-underwriter set a precedent in the interbank market.

In the next step, the Bank will continue to explore new models for revitalizing existing assets, identify various application scenarios, promote industrial upgrades, reduce debt risks and serve the real economy.

Higher Efficiency in Supporting the Real Economy

The Bank leveraged resource endowments to promote coordinated development across regions. The Bank actively guided funds to flow to key industries and major projects, supported national development strategies for key areas, and contributed to the coordinated development of the Beijing-Tianjin-Hebei Region, the construction of Xiongan New Area, the integration of the Yangtze River Delta, the ecological protection of the Yellow River Basin, the Guangdong-Hong Kong-Macao Greater Bay Area and the Hainan Free Trade Port. As at the end of the reporting period, the Bank's corporate loans in key regions increased by 17.79% from the prior year-end.

The Bank promoted the implementation of the real estate financing coordination mechanism. For its real estate business, the Bank adhered to a long-term perspective and achieved a balance between functionality and profitability. It created a series of real estate-related products, built a financial service system that aligns with the new model of real estate development to meet the reasonable financing needs of real estate enterprises, and increased support to meet the financing needs of real estate enterprises for revitalizing existing assets. The Bank took on the responsibility of a state-owned enterprise and promoted the implementation of urban renewal projects, the "three major projects" and the "white list"-based coordination mechanism to ensure the smooth and healthy development of the real estate market.

The Bank continued to deepen financial services for the manufacturing industry. In response to the development of the modern industrial system, the Bank focused on key areas such as industrial structural transformation and upgrading, technological innovation and development of industries, and the stability and security of the industrial chain and supply chain. It continued to optimize and improve the financial service system, fully developed comprehensive service capabilities, accelerated the cultivation of new quality productive forces, and further advanced the high-end, intelligent and green development of the manufacturing industry. As at the end of the reporting period, the Bank's medium and long-term loans to the manufacturing industry increased by 15.10% from the prior year-end.

The Bank fully supported rural revitalization. The Bank focused on key areas such as national food security, industrial development in rural areas and rural development, and increased the credit supply to key rural revitalization projects. As at the end of the reporting period, the credit supply to key rural revitalization projects increased by 23.51% from the prior year-end. The Bank continued to increase financial support for the entire industrial chain, such as the construction of high-standard farmland, saline-alkali land transformation and grain circulation, storage and processing. It also innovated the "agriculture + industry + cultural tourism" model integrating both agriculture and industries and actively supported green financial investments in counties and rural areas. Corporate loans to the agriculture, forestry, animal husbandry and fishery industries increased by 97.21% from the prior year-end. With a focus on the principle that only when agriculture is strong can the country be strong, firmly guarding against risks and improving people's livelihoods, the Bank supported the development of rural industries and modern countryside, and strengthened the foundation of China to build up its strength in agriculture. The Bank's loans for rural infrastructure construction grew by 30.80% from the prior year-end.

Corporate Banking Business

The Bank continued to enhance the "green" business development. The Bank increased credit resource input in key green finance areas such as clean energy, green manufacturing, green transportation, green construction, energy conservation and environmental protection, and precisely empowered enterprises for sustainable development. The Bank also explored ways to support the low-carbon transformation of traditional industries such as chemicals, paper and non-ferrous metals. Through transformation loans, sustainability-linked loans and other featured financial products, the Bank met the differentiated financial needs of enterprises in their green, high-end and intelligent development. Additionally, the Bank proactively innovated service models. It issued the first "ESG loan + insurance" business, the ESG sustainability-linked loan for ASEAN enterprises in Guangxi, and photovoltaic loans for rural collective economic organizations, creating a series of benchmark cases of green finance. As at the end of the reporting period, the Bank's wholesale green loans increased by 22.59% from the prior year-end.

The Bank accompanied the full-life cycle growth of sci-tech enterprises. The Bank set the goal of developing itself into a major force of technology finance. It developed a comprehensive service strategy based on "specialized, targeted, unique and new" measures and intensified efforts to provide full-life cycle financial services for sci-tech enterprises. The Bank established specialized institutions and teams. It set up 29 technology finance departments, 40 specialized technology finance branches and 30 technology finance service outlets in areas with a high concentration of sci-tech enterprises, such as Beijing, Shanghai, Jiangsu and Guangdong, and offered "zero-distance" services to sci-tech enterprises. The Bank built refined service and risk control mechanisms. It fully utilized big data technology to create profiles for sci-tech enterprises, established a capability assessment system for sci-tech enterprises, and accurately assessed their technological value and future growth potential, which provided a reference for customer entry, credit extension decision-making and design of service solutions, thus effectively solving the problems of entry of and credit extension to sci-tech enterprises. The Bank developed distinctive products and services. It continuously enriched the "U Prosper" sci-tech finance product and service system and developed exclusive product solutions with broad customer coverage, full-cycle service, multi-platform interaction and big data-driven capabilities based on its flagship products such as "Sci-Tech Loan" and "Sci-Tech E Loan". It focused on supporting sci-tech enterprises in implementing "intelligent transformation, digital transformation, and network connectivity" and helped high-tech enterprises accelerate the commercialization of their innovations. It also increased efforts to promote policies benefiting enterprises and held over 200 "U Prosper" enterprise service activities and brand promotion campaigns. The Bank established new business operating models. It collaborated with high-quality industrial funds and leveraged its collaboration with companies such as China Post Life Insurance Co., Ltd. and China Post Capital Management Co., Ltd. to help enterprises connect with investment institutions. It hosted 11 "V-next" equity financing roadshow events in collaboration with the Shenzhen Stock Exchange, created a "loan + external direct investment" service model, and provided diversified financial support for sci-tech enterprises. As at the end of the reporting period, the Bank served over 90,000 sci-tech enterprises, an increase of over 30% from the prior year-end, and the financing balance exceeded RMB500 billion, an increase of over 40% from the prior year-end.

Column

Leveraging the Professional Technology Finance Service System and Vigorously Supporting the High-Quality Development of High-Tech Parks and Industrial Clusters

High-tech parks are cradles of innovation, experimental fields for institutional and mechanism reforms, and important platforms for gathering high-growth enterprises and high-end industries. Industrial clusters, built around specialty industries, have outstanding advantages, concentrated resources, sound governance and services, and relatively strong core competitiveness. The Bank, based on its professional technology finance service framework, has focused on supporting technology parks and industrial clusters. In collaboration with the Torch High Technology Industry Development Center of the Ministry of Industry and Information Technology, the Bank successfully held a series of events titled "Cooperation Between PSBC and Enterprises Under the Guidance of the Torch Center", which are aimed at empowering high-quality development of technology parks. The Bank, together with its partners, has developed a differentiated and unique cooperation model, enhanced digital and intelligent empowerment, developed a financial service template for technology parks, and offered comprehensive and multi-level services to various entities in the parks. To meet the differentiated financial service needs of industrial clusters, the Bank developed industry loan financial products, established a regular cooperation mechanism with the All-China Federation of Industry and Commerce, actively worked with industry associations, and provided high-quality and efficient financial services for industrial clusters.

The Bank, in partnership with the Torch High Technology Industry Development Center of the Ministry of Industry and Information Technology, jointly launched the "Cooperation Between PSBC and Enterprises Under the Guidance of the Torch Center" series of events.

Focusing on key industries in the parks, PSBC Jiangsu Branch has selected competent and exclusive service teams, developed specialized sub-branches serving the parks, and created a unique service model for the parks. The Liyang High-Tech Zone in Jiangsu now has more than 150 high-tech enterprises, which makes it the largest power battery industry base in China with a complete industrial chain. PSBC Liyang Sub-branch has formed a specialized service team for the park and used industrial park loans and other products as breakthrough points to actively address the comprehensive financial needs of various entities in the park. The Bank granted over RMB8 billion of credit line to various enterprises in Liyang High-Tech Zone, with nearly RMB2.7 billion in bill issuance and over RMB10 billion in bill discounting. The Bank has helped the park achieve high-quality development through a package of financial services.

PSBC Hunan Branch has all along been committed to supporting the development of enterprises and actively assisted in the high-quality development of local industrial clusters. Xinhua County in Loudi City of Hunan Province has one of China's first SME industrial clusters — the electronic ceramics industrial cluster. Electronic ceramics are important materials for aerospace, telecommunication computers, new-energy vehicles, and home appliances. PSBC Hunan Branch provided over RMB1 billion in credit support for the local electronic ceramics industrial cluster. The Bank has established a partnership with a leading local ceramics technology company in the early days of the company's development. Now the ceramic temperature controllers produced by the company make up 80% of the global market share. Following the "future-oriented" approach, the Bank at first provided small loans to the enterprise, and then gradually increased the credit line from RMB10 million to RMB520 million, helping the enterprise grow from an MSE to the champion of the sector.

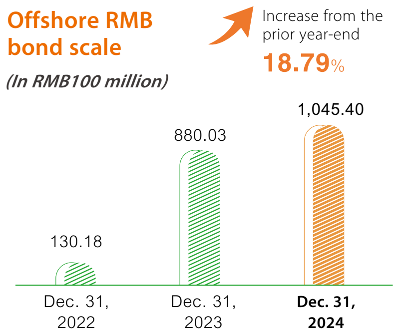
Treasury and Asset Management Business

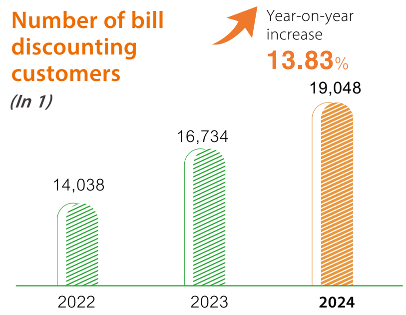
The asset size of treasury business reached RMB6.84 trillion.

The underwriting scale of policy financial bonds reached RMB257.2 billion, a year-on-year increase of 193.27%.

Assets under custody exceeded RMB5 trillion, and the year-on-year increase of fee income was higher than the industry average by 13.17 percentage points.

The scale of wealth management products exceeded RMB 1 trillion, an increase of 31.68% from the prior year-end.





The Bank focused on developing the financial market business as one of its differentiated growth poles, advanced the development of the interbank ecosystem with a customer-centered approach, provided platform-based one-stop integrated financial services, activated the value creation momentum of the interbank ecosystem with data as the engine, and continuously optimized the business structure and enhanced the quality and efficiency of development. **Cooperation with interbank customers became increasingly closer.** The Bank adhered to an open, integrated and win-win cooperation philosophy, developed an all-encompassing cooperation plan covering assets, liabilities and intermediary services, and continuously deepened cooperation with interbank customers. As at the end of the reporting period, the number of interbank customers with which the Bank cooperated exceeded 3,300. **Interbank service channels were continuously improved.** The Bank continued to enrich the scenarios of the "Together We Thrive" interbank ecosystem platform and built an integrated business layout of "eight halls, three zones and two channels"[1]. The platform had nearly 2,500 registered institutions, with a cumulative trading volume exceeding RMB5 trillion. **Interbank business commenced its digital and intelligent development.** With the help of cutting-edge technologies such as AI, large models and cloud computing, the Bank built an intelligent data analysis system and published a series of reports titled PSBC Insight to provide in-depth industry analysis, accurate institutional profiles and forward-looking data services for interbank clients.

1 The "eight halls, three zones, and two channels" refers to the billing hall, treasury hall, fund hall, wealth management hall, asset management hall, bond hall, ABS hall, custodian business hall, data insight zone, investment research zone, member center, PC channel, and app channel.

Financial Interbank Business

Interbank Investment and Financing Business

The Bank actively seized market opportunities, optimized the investment and financing asset structure, and continuously boosted the quality and efficiency of operation and development. In terms of financing business, the Bank actively contributed to the standardized and regulated transformation and development of the interbank business. The online interbank deposit business volume grew by 48.48% year on year. The Bank continued to carry out pledged interbank deposit business and won the title of the 2024 Collateral Business Development Contribution Institution by China Central Depository & Clearing Co., Ltd. In terms of investment business, the Bank persisted in striking an overall balance among security, liquidity and returns, and enhanced its capability of managing fund investment, with non-interest income growing by 35.90% year on year. In collaboration with the China Foreign Exchange Trade System and J.P. Morgan Asset Management, the Bank established the first domestic Common Ground Taxonomy-themed green innovation fund and contributed to the development of the domestic green bond market. It also tapped opportunities for allocation to asset securitization. The asset securitization investment business saw stable development with continuous improvement in comprehensive returns.

Billing Business

The Bank continuously advanced the digital and intelligent development and trading transformation of its bill business, and constantly improved business management as well as the quality and efficiency of customer services. During the reporting period, the Bank focused on corporate funding needs, innovatively created a distinctive bill discounting product matrix, and actively supported the development of the real economy. The Bank's discounting transactions amounted to RMB1.05 trillion, and served 19,048 corporate customers, a year-on-year increase of 13.83%. Relying on the "Together We Thrive" interbank ecosystem platform, the Bank built an online bill ecosystem that integrates intelligent investment research, automatic processes and intensive management, with its transaction activity ranking among the top in the market. The bill transaction volume reached RMB4.05 trillion, up by 18.65% year on year.

Depository Business

The Bank consistently provided customers with diversified depository and settlement services in securities, futures, gold and insurance asset management. It carried out in-depth cooperation with nine settlement and clearing financial institutions and 155 securities and futures financial institutions, with a total of 9.54 million clients, which represented an increase of 10.12% from the prior year-end. The Bank's depository transactions amounted to RMB3.55 trillion, of which primary settlement transactions amounted to RMB2.58 trillion and secondary settlement transactions amounted to RMB0.97 trillion.

Treasury and Asset Management Business

Column

Striving to Build the Insight Zone and Promoting the Digital and Intelligent Transformation of the Interbank Ecosystem

In December 2024, the Insight Zone was launched on the "Together We Thrive" interbank ecosystem platform. This zone is dedicated to providing comprehensive data value-added services for interbank customers, building rich data application scenarios and creating detailed customer profiling tools. Currently, three main modules have been launched under the zone, namely Data Insights, Insight Reports and Insight News. Information and data analysis services are provided to customers through both PC and APP channels.

Data Insights

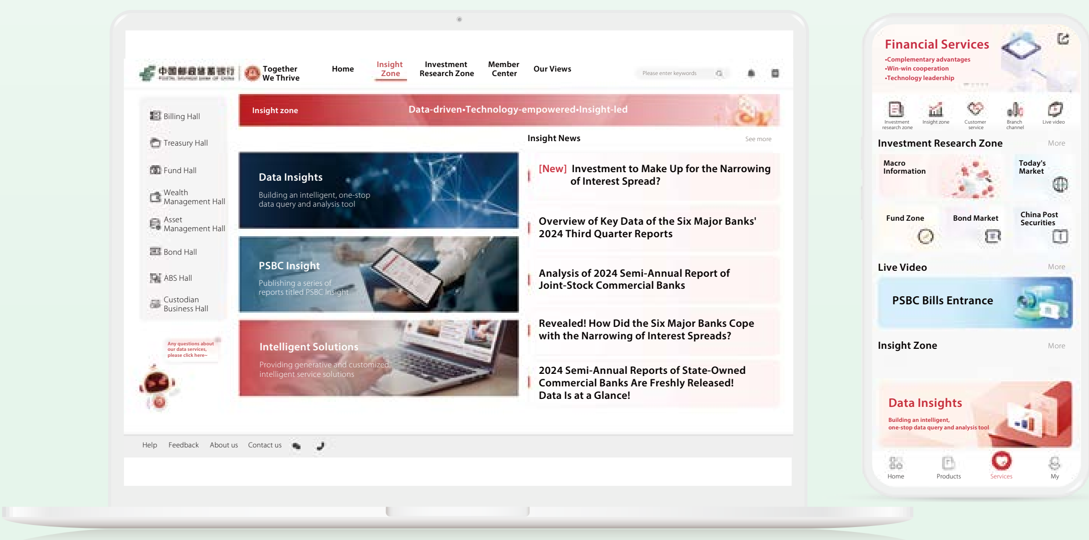
The Insight Zone collects publicly available data such as annual reports, interim reports and quarterly reports, and covers derived calculation indicators such as vertical data from the past four years, multi-dimensional comparable labels and structural growth rates to create a modular, granular and composite interbank database. The Data Insights module supports customized data queries for institutions and indicators and provides financial professionals with an efficient, user-friendly data query tool and a series of flexible, customizable data analysis services.

Insight Reports

The Insight Zone supports the online access to institution analysis reports and industry analysis reports. Based on the vast information from the database, the Insight Reports module uses natural language parsing and generative AI technology to generate the PSBC Insight series of reports and provides financial professionals with deep insights into institutional and banking industry development.

Insight News

The Insight Zone collects and analyzes the latest publicly available data in a real-time manner and generates themed news from multiple dimensions and perspectives. The Insight News module provides financial professionals with efficient, convenient, fresh and rich data and information services.



Financial Market Business

The Bank, based on the country's overall development, earnestly served national strategies, actively seized market opportunities, effectively addressed market challenges, continued to strengthen risk management, insisted on leveraging technology to empower its operations, and maintained the high-quality development of its financial market business and the steady enhancement of its core competitiveness.

Trading Business

In terms of the money market business, the Bank actively fulfilled its role as a primary dealer in open market operations, facilitated the transmission of monetary policies, and supported the stable operation of the financial market. The Bank became one of the first institutions to participate in innovative monetary policy tools such as the Securities, Funds and Insurance Companies Swap Facility (SFISF) and buyout repo. While ensuring liquidity security, the Bank optimized fund operations, flexibly adjusted product varieties and term structures, and enhanced fund returns. It applied AI technology for intelligent inquiry and response, achieved full-process integrated risk control and significantly improved trading quality and efficiency.

In terms of trading and market-making business, the Bank continued to strengthen technology empowerment and promoted the transformation of the trading business. It leveraged the advanced functions of its electronic trading system, continued to build a multi-dimensional, full-range trading product and strategy system to promote the large-scale, information-based and intelligent development of trading business, and focused on enhancing its trading profitability. It increased efforts in bond market-making, developed bond baskets themed around clean energy, inclusive finance and Sannong finance, logistics and transportation, and provided liquidity support and high-quality market-making quotation services for key sector bonds. The standard bond forward business of the Bank was gradually strengthened, and the Bank successfully joined the ranks of market-making quotation institutions and steadily gained increasing market influence.

In terms of precious metals business, focusing on precious metals swaps and interbank lending business, the Bank fully tapped market opportunities, continuously enriched trading strategies, and actively expanded the network of counterparties to meet customer demands with more products and high-quality services. The transaction volume of the precious metals business grew by 136.47% year on year and the income recorded a year-on-year increase of 105.51%.

Bond Investments

The Bank thoroughly implemented the country's major decisions and plans, made solid efforts to advance the "five priorities" of the financial sector, and provided comprehensive support for the transformation and upgrading of the real economy. It supported the implementation of major national strategies, assisted in key sectors and infrastructure construction, and strengthened efforts to meet people's basic living needs. The underwriting scale of policy financial bonds reached RMB257,200 million, a year-on-year increase of 193.27%. The Bank served national and regional strategies and regional economic development, with government bond investments increasing by 21.21% from the prior year-end. It optimized the investment structure of credit bonds and enhanced financial service capability in key areas such as Sannong, technological innovation and SMEs. As at the end of the reporting period, the scale of bonds held by the Bank with funds raised for supporting rural revitalization increased by 19.91% year on year. The Bank was committed to green finance and low-carbon development. The scale of green bond investments continued to grow, and the Bank has been recognized as an "Excellent Institutional Investor of ChinaBond Green Bond Index" for six consecutive years. The Bank actively contributed to the high-level opening-up of China's financial markets, vigorously promoted bond investment under the Southbound Bond Connect scheme, played a key role in revitalizing the offshore RMB bond market, and led the performance among peers in terms of the investment scale of offshore RMB bonds.

Treasury and Asset Management Business

The Bank adhered to the research-driven investment approach, steadily prevented various risks and continuously tracked interest rate trends. It developed proper investment strategies against the backdrop of an overall downward trend in market interest rates, adjusted book structure, product structure and term structure accordingly, and effectively captured market opportunities. The bond investment business scale grew to RMB4,637,963 million, an increase of RMB561,773 million or 13.78% from the prior year-end.

Custody Business

The Bank actively promoted the implementation of "custody business across the Bank" and took innovation and transformation as the driving force and refined management as a guarantee. As a result, the Bank's custody scale exceeded the threshold of RMB5 trillion for the first time. The core capabilities were formed rapidly and the operating benefits of its custody business were higher than the industry average. The Bank's scale of assets under custody reached RMB5.43 trillion, marking the highest growth since 2017. Fee income from the custody business grew despite challenges, with the growth rate outpacing the industry average by 13.17 percentage points.

The Bank made solid progress in advancing the "five priorities" of the financial sector and provided safe and efficient custody services for over 50 national strategy-oriented innovative asset management products, including ESG-themed products, funds of funds for pension funds (pension FOFs) and commercial pension funds. The Bank completed the building of a "one main, one backup" centralized custody operation system and achieved direct connections with seven major transaction and settlement institutions, including China Securities Depository and Clearing Corporation, China Central Depository & Clearing Co., Ltd. and Shanghai Clearing House, significantly improving operational efficiency.

For the development of the Bank's wealth management business, please refer to "Business Overview – Majority-Owned Subsidiaries – PSBC Wealth Management".

A Case for Learning More

With the goal of creating "stable, professional and efficient" top-tier custody services, the Bank established the Head Office and Chongqing Custody Operation Center by taking into consideration of various aspects such as organizational setup and talent cultivation. It preliminarily established a Head Office-level custody operation center integrating "operation, management, service and research" and a regional custody operation center serving as a backup to the Head Office center. Additionally, the Bank built a "proactive service + daily service" customer service model for custody operation and formed support teams based on marketing needs to quickly respond to customers' operational service requests. For strategic customers, the Bank provided differentiated and personalized services to continuously improve the customer experience.

During the reporting period, the Bank optimized a total of 90 items concerning custody business process based on customer needs, with over 700 functional points optimized. The total number of custody products in operation across the Bank reached 5,521, with a centralized operation rate of 90%. The operation capacity increased by 22% from the prior year-end, and was up by 58% compared to pre-centralization. The per capita operational efficiency improved by 22% from the prior year-end.

Column

Applying AI Innovations and Promoting the Deep Integration of Financial Market Business and Technology

The Bank adheres to the "technology-empowered and innovation-led" philosophy, stays at the forefront of technological development, and continues to enhance business quality and efficiency by exploring the application of fintech. In 2024, the Bank launched its AI-powered money market trading robot "PSBC Little Helper" and trader assistant robot, both of which are deeply integrated with AI technology and have significantly improved the Bank's trading efficiency and risk management capabilities.

1 Money Market Trading Robot "PSBC Little Helper" Shortening Average Transaction Time by 94%

"PSBC Little Helper" integrates multiple machine learning and natural language processing technologies and allows intelligent human-machine interaction in the money market quotation request scenario. Based on the Bank's trading plans and strategies, "PSBC Little Helper" can intelligently accept or initiate quotation request dialogues online, automatically extract trade elements, and synchronize with the risk control module. It can also automatically complete counterparty and collateral eligibility checks and credit limit verification, trigger real-time risk checks, and automatically reach trade intentions. In addition, the transaction information can be statistically summarized and archived with multi-dimensional analysis after the transaction, and manual intervention and retrospective queries are allowed at any time. Since its launch, "PSBC Little Helper" has covered hundreds of financial institutions, processed over RMB1.5 trillion in quotation requests and reached a total transaction volume of over RMB200 billion. The average transaction time has been reduced by approximately 94% compared to manual processing, with an excess return rate of six basis points captured.

2 Trader Assistant Robot Providing One-Stop Pre-Trade Assistance

The trader assistant robot is capable of understanding intents and doing semantic analysis driven by large models. It integrates query functions from multiple systems to enable batch query, comparison and display of internal and external information such as basic information on counterparties and underlying bonds, credit line granted by the Bank, historical holdings, ratings and valuations. It addresses all the pre-trade query needs of traders and continuously and automatically improves response accuracy through automatic learning based on feedback, such as likes and acceptance from users. The trader assistant robot can reduce the pre-trade preparation time by 75% and significantly enhance the trading efficiency of traders.

In addition to the above existing functions, the Bank is continuing to explore more AI-powered trading assistance application scenarios to further improve bond trading efficiency, better capture market opportunities and enhance market competitiveness. For example, in credit bond investment, the Bank is making efforts to develop a credit bond investment analysis and post-investment management assistant, so as to intelligently analyze and interpret massive text and data related to bonds, uncover relations, and automatically conduct an investment risk analysis using text parsing and knowledge graph construction technologies; and to proactively identify potential risks and price transmission signals based on public opinion information. The ultimate purpose is to provide precise and efficient risk assessment and decision-making support for credit bond investments.

Treasury and Asset Management Business

PSBC Little Helper		Assistant Robot	
Trading Robot "PSBC Little Helper"		**Trader Assistant Robot**	
User Group	Traders of external institutions	User Group	The Bank's traders
Model Type	Primarily small models	Model Type	Primarily large models
Model Features	Faster reasoning speed in simple tasks; fewer parameters, lower complexity, less hardware resource requirements, lower training costs and higher stability	Model Features	Good at handling complex tasks, with strong generalization and comprehension capabilities
Service Scenario	During money market quotation requests, the robot extracts user intent and queried entity data. It is primarily based on small models and supplemented by a large model for recognition to ultimately improve recognition accuracy.	Service Scenario	When querying data, the assistant robot recognizes the user's inquiry intent, generates data query codes via the large model, and then processes and displays the data to the user with the small model.

VS

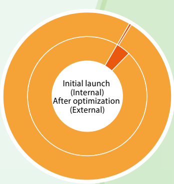
"PSBC Little Helper" Operation Metrics

2,156
Robot-handled dialogues

RMB219.3 billion
Total transaction volume

RMB 1,504.3 billion
Quotation request processed

22 seconds
Average time per transaction to reach trading intention

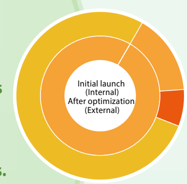


Recognition Accuracy

Through data feedback and manual annotation, the model is tuned to maintain a high recognition rate with slight growth to 99.43%.

Compliance and Operational Risk Control

The robot effectively identifies various elements that do not meet internal and external risk compliance or business management requirements. During 2,156 conversations, 73 transactions were intercepted. And it automatically analyzes the reasons for interception through model optimization.



Inclusive Finance

The balance of agro-related loans[1] amounted to RMB2.29 trillion, accounting for over 25% of the total loans to customers.

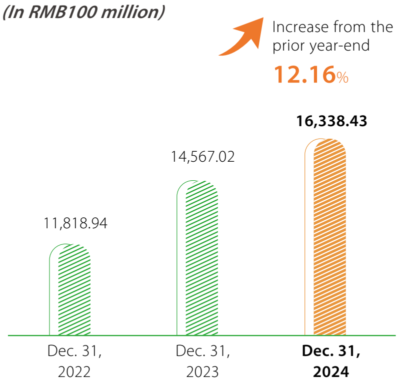
The balance of inclusive loans to MSEs accounted for more than 18% of the total loans to customers, which ranked in the forefront among major state-owned banks.

For three consecutive years, the Bank has been rated with the highest level "**Grade One**" in the regulatory assessment of financial services to MSEs.

The Bank was honored with the **"2024 Gamma Award for Inclusive Financial Services Bank"** and the Global Finance's **"Stars of China Awards – Best SME Services Bank"**.

Inclusive loans to MSEs

(In RMB100 million)



The Bank firmly implemented the decisions and plans of the CPC Central Committee, the State Council and regulators on inclusive finance and made solid efforts to advance inclusive finance. It focused on ensuring the volume, maintaining stable prices, and optimizing the structure of inclusive loans, vigorously drove innovation in service models and process re-engineering, and deepened digital transformation and intensive operations. Meanwhile, it continuously improved the professionalism of inclusive financial services and accelerated the efforts to develop itself into a main force in serving rural revitalization and a benchmark in delivering inclusive finance. As at the end of the reporting period, the balance of the Bank's agro-related loans reached RMB2.29 trillion and the balance of inclusive loans to MSEs totaled RMB1.63 trillion, with both of their proportions to total loans ranking in the forefront among major state-owned banks.

Rural Revitalization

The Bank resolutely implemented the decisions and plans of the CPC Central Committee and the State Council regarding rural revitalization and remained committed to its positioning of serving Sannong customers, urban and rural residents and SMEs. Anchored on the goal of becoming "a main force in serving rural revitalization", the Bank improved organizational settings serving rural revitalization, set up an organizational structure for specialized agricultural services, which consists of the Leading Group for Rural Revitalization, the Rural Revitalization and Inclusive Finance Management Committee and the Sannong Finance Business Department (the Rural Revitalization Finance Department), and implemented and deepened the reform of the Sannong Finance Business Department (the Rural Revitalization Finance Department). The Bank also formulated the Opinions of Postal Savings Bank of China on Studying and Applying the Experience of the "Demonstration in 1,000 Villages and Renovation in 10,000 Villages" Project to Effectively Advance All-around Rural Revitalization, improved the policy support system for rural revitalization, and advanced the digital transformation and intensive operation of Sannong finance, to continuously enhance the financial service capacity and level for rural revitalization. As at the end of the reporting period, the balance of agro-related loans stood at RMB2.29 trillion, an increase of RMB254,572 million from the prior year-end and accounting for more than 25% of the total loans to customers, with a growth rate higher than that of all kinds of loans of the Bank. The number of customers served with agro-related loans exceeded 5.2 million and the weighted average interest rate of newly granted agro-related loans in 2024 was 4.35%.

1 The statistical standard of agro-related loans follows the relevant regulations on agro-related loan statistics issued by the PBC in January 2024.

Inclusive Finance

Safeguarding the "Two Bottom Lines" and Increasing Agro-related Credit Supply

Firstly, the Bank actively supported the stable production and supply of grains and key agricultural products. It launched a micro loan service initiative for spring plowing and sowing preparations, promoted an industrial chain-based service model for the grain industry, and created a comprehensive service model that combines the construction of high-standard farmland and rural infrastructure, as well as the operation of farmland and intensive agricultural development, to help boost the yield of grains and key agricultural products. As at the end of the reporting period, the Bank's balance of loans to key areas of the grain industry was RMB185,053 million, an increase of RMB36,910 million, or 24.92%, from the prior year-end.

Secondly, the Bank provided financial services to prevent a large-scale return to poverty. The Bank kept main financial assistance policies generally stable and increased credit supply to areas lifted out of poverty, particularly the key counties receiving state assistance for rural revitalization. As at the end of the reporting period, the balance of various loans granted by the Bank to the areas lifted out of poverty (832 counties lifted out of poverty) totaled RMB564,636 million, an increase of RMB69,820 million from the beginning of the year. The balance of various loans granted to 160 key counties receiving state assistance for rural revitalization was RMB67,253 million, an increase of RMB9,101 million, or 15.65% from the prior year-end.

Efforts Made in Consolidating and Building on the Gains in Poverty Alleviation and Facilitating Rural Revitalization

Item	
Balance of various loans granted to areas lifted out of poverty	RMB564,636 million
Growth rate of various loans granted to key counties receiving assistance for rural revitalization	15.65%
Balance of loans for targeted financial assistance	RMB169,493 million
Number of people benefiting from loans for targeted financial assistance	552,300 people
Forms of assistance	Targeted assistance to industries, targeted assistance to projects, targeted assistance to individuals, etc.

Column

Nourishing the Soil for Prosperity through Financial Support and Painting a New Prospect with Multifaceted Assistance

Committed to financial services for the people, the Bank has actively leveraged its unique advantage in supporting agriculture and small businesses and innovated support models. It sent experts to key counties receiving assistance, such as Fenxi County (Shanxi), Tongbai County (Henan), Wushan County (Gansu), Pengshui Miao and Tujia Autonomous County (Chongqing) and Pingshan County (Hebei)[1] to drive the high-quality development of local rural revitalization.

In line with national arrangements and taking into consideration the specific characteristics and needs of the counties receiving assistance, the Bank strictly followed the central government's cadre selection requirements to select highly qualified personnel with strong professional competencies and comprehensive capabilities to carry out assistance. They were appointed deputy county governors, dispatched first Party secretaries of villages for rural revitalization, and youth volunteers on teaching and aid to support local rural revitalization. Complementing these efforts, the Bank contributed to rural revitalization by enhancing logistics support, strengthening the grassroots-level staffing of branches, and coordinating relevant resources. In 2024, the Bank donated over RMB20 million to support infrastructure construction in the counties receiving assistance, establish rural revitalization industrial parks, improve logistics networks, donate caring sports classrooms, etc.

In terms of industrial support initiatives, firstly, the Bank developed exclusive credit products tailored to rural specialty industries that drive local prosperity. Based on factors such as the customer's business cycle and transaction flow, the Bank innovatively launched a series of specialty industry loans that precisely aligned with the local realities, offering customized credit limits, interest rates and repayment methods. In Wushan County, the Bank developed a dedicated loan product for the tobacco industry chain, which collected customer data from the industry to enable centralized processing, service in bulk and rapid loan disbursement. Secondly, the Bank vigorously promoted the development of rural credit systems and advanced the village-wide credit line granting model. Leveraging its service network in lower-tier markets and highly efficient and professional rural finance team, the Bank established a three-tier cooperative platform spanning county, township and village levels in the counties receiving assistance. It actively advanced rural credit systems, promoted unsecured loans for farmers, and provided customers with comprehensive financial services such as account opening, investment and wealth management, ensuring basic financial services are accessible at the village level. Both Fenxi and Tongbai Counties have achieved "full coverage" of creditworthy village building, with 298 creditworthy villages established as of the end of 2024. The balance of micro loans to the creditworthy villages reached nearly RMB167 million, a net increase of over RMB10 million during the year. Thirdly, the Bank enhanced the innovative model of cooperation with China Post Group. Leveraging China Post Group's "four-in-one" diversified resource advantages in integrating flows of business, goods, funds and information, the Bank strengthened policy support, developed solutions to provide services integrating finance, delivery and e-commerce, and provided full-process coordination before, during and after production. This model effectively solved financing, sales and logistics difficulties facing specialty industries. In Tongbai County, through cooperation with China Post Group, the Bank launched a series of agricultural support campaigns to attract customers to purchase rural specialty products, such as mugwort and red peaches. More than 115,000 items of mugwort, red peaches and other products were sold through the postal e-commerce and logistics services this year.

In the building of harmonious and beautiful countryside, the Bank has effectively boosted the internal driving force of growth in regions lifted out of poverty through fund donations and talent support. In Pengshui County, the Bank's dispatched secretary to Quyang Village served as a crucial resource coordinator, optimized the utilization of industrial development funds, and leveraged local resources and cultural assets. Through a "village collective + pacesetter in achieving prosperity + local residents" model, the Bank helped the county develop the "fragrance of rice & childhood memories" rural complex project, which promoted the integrated development of local agricultural, cultural and tourist industries. Furthermore, the village secretary actively introduced the Bank's financial resources to provide financing services to the local cold-water fish breeding base and granted RMB1 million of unsecured loans, which solved the problem of financing due to a lack of collateral. The Bank helped increase the local average household income by RMB1,000. Yang Cong, the dispatched secretary, was honored with the 2024 "National Model for Ethnic Unity and Progress".

Scan the QR code to watch the video "A New Prospect in the Mountains Driven by Yang Cong, the First Secretary Stationed in Quyang Village, Chongqing"

1 Fenxi County in Shanxi, Tongbai County in Henan and Wushan County in Gansu are designated counties to receive assistance from the central government. Pengshui Miao and Tujia Autonomous County in Chongqing is a key county to receive assistance in pursuing rural revitalization at the national level. Pingshan County in Hebei is a designated county to receive youth volunteer teaching and aid by Central CPC Departments and State Institutions.

Inclusive Finance

In terms of education assistance, the Bank firmly adhered to the concepts of cultivating talents for the Party and fostering virtue through education and actively motivated cadres and employees to devote themselves wholeheartedly to the cause of teaching and providing assistance in remote and rural areas. In Pingshan County, Liu Yuanyuan, head of the Beiye Volunteer Unit of the 26th Youth Volunteer Team on Teaching and Aid by Central CPC Departments and State Institutions, stayed true to the mission and bore in mind responsibilities, and devoted herself to rural education with full enthusiasm. In class, she stimulated students' interest in learning through vivid and interesting teaching methods as well as engaging and interactive activities. After class, she set up an oral English practice club to enrich students' extracurricular life. During her education assistance period, Beiye Primary School received the donation of a caring sports classroom. The Bank's Table Tennis Association came to the school to teach students how to play table tennis and brought a table tennis practice course to the school. Liu Yuanyuan made use of her rest time to carry out home visits to better understand students' living conditions, care about left-behind children with heart, and guide them to develop a proper worldview, outlook on life, and sense of values. All of her efforts were acclaimed by local teachers and students.

Liu Yuanyuan was teaching English to students at Beiye Primary School in Pingshan County, Hebei Province.

Strengthening the Supply of Agro-related Financial Services for Key Areas

First, the Bank supported high-quality development of rural industries. The Bank formulated the 2024 rural revitalization credit extension policy guidelines and improved its financial product system for rural revitalization. Guided by the "one industry, one solution" approach, it customized business plans for rural specialty industries, provided integrated financial services across the entire supply chain, and continuously expanded the service radius for rural industries. The Bank launched the "Joining Hands with Leading Agricultural Enterprises for Common Development" initiative and established a collaborative, multi-tiered service system that covers the Head Office, as well as provincial, municipal and county level-branches to offer targeted services to customers in specialty industries, seed industry companies and large-scale agricultural product processing enterprises and support the upgrading of rural industries.

Second, the Bank contributed to enhanced rural development. The Bank focused on key areas of agricultural and rural infrastructure development and established an integrated service support model that combines front, middle and back-office functions. It created an integrated county and township cooperation model focusing on areas such as rural water supply, protected agriculture and agricultural wholesale markets. The Bank also connected with the comprehensive financing service platform for major agricultural and rural projects and innovated credit products for rural revitalization. It actively supported the digital development of rural areas by promoting the application scenarios of e-CNY and extending mobile payments to counties and countryside. Ultimately, the mobile payment acceptance coverage was continuously expanded across counties. As at the end of the reporting period, agro-related corporate loans increased by 23.51% from the prior year-end.

Third, the Bank empowered the improvement in rural governance capabilities. The Bank actively participated in the development of smart local rural platforms and independently developed the rural data governance tool "YOU+ Villages" to offer village management functions such as data governance and administrative affairs management, and financial services including credit and settlement solutions to village organizations. Furthermore, it actively promoted rural revitalization-themed debit cards and credit cards, continuously enriched cardholder benefits, and diversified card issuance channels. The Bank also increased the supply of rural market-oriented low-volatility wealth management products and contributed to the quality improvement and upgrading of basic financial services in rural areas.

Accelerating Innovation and Transformation to Improve the Quality and Efficiency of Agro-Related Financial Services

First, the Bank pioneered a grid-based approach to rural market development. The Bank laid out a 2024 rural market development plan and work manual with a focus on economically robust and densely populated villages. It promoted excellent experience and typical models of rural market development and advanced a grid-based approach to deeply cultivate rural markets. Based on rural customers' financial needs, the Bank provided diversified financial services categorized and tailored for them. It built a digital Sannong customer management platform, optimized loan procedures for credit users, and enhanced the full-process management of market development to enable customer managers to precisely acquire customers. As at the end of the reporting period, micro loans to creditworthy villages increased by 19.28% from the prior year-end.

Second, the Bank further advanced proactive credit extension to Sannong customers. Based on its existing customer base, the Bank made customer profiles and developed a name list screening model to efficiently identify quality credit customers and generate a proactive credit approval whitelist in bulk. It built a multi-channel, multi-dimensional customer reach system to ensure timely and accurate outreach to customers on the whitelist. In line with the unique characteristics of proactive credit extension, the Bank launched more adaptable and simplified loan products, integrated online loan application channels, and optimized customer service procedures to provide customers with fast and warm banking experiences. As at the end of the reporting period, the balance of loans under the Sannong proactive credit extension program was RMB199,272 million, a net increase of RMB92,862 million from the prior year-end.

Third, the Bank actively developed a comprehensive ecosystem for rural revitalization services. The Bank deepened collaboration with China Post Group, further integrated resources across China Post Group, and utilized big data technology to precisely reach rural customer groups and continuously improve the effectiveness of cooperation. The Bank also deepened cooperation with government, guarantee and insurance platforms, expedited the online migration of these cooperation, and actively developed guarantee-based micro loans issued in batches to address the financing difficulties faced by agricultural entities and improve the customer experience.

Column

Innovating "PSBC Express" Financial Service Model and Strengthening Inclusive Finance Development in Chongqing Through Collaboration with China Post Group

PSBC Chongqing Branch deepened collaboration with the People's Government of Chongqing and the Chongqing Branch of China Post Group. Leveraging China Post Group's "four-in-one" diversified resource advantages in integrating flows of business, goods, funds and information, PSBC Chongqing Branch innovated "PSBC Express" business model, which integrates postal express delivery and logistics services, rural e-commerce and inclusive finance. Guided by the principles of "government guidance, cross-sector collaboration, integrated development, and serving rural areas", the model aims to improve the rural delivery and logistics system, strengthen inclusive financial support for rural areas, and actively contribute to the development of the "five priorities" of the financial sector.

Firstly, through organizational innovation, the Bank established a cross-sector collaboration mechanism. In partnership with the Chongqing Branch of China Post Group, PSBC Chongqing Branch strengthened cooperation with agricultural and rural affairs departments at all levels. It conducted in-depth research on Chongqing's rural specialty industries and explored "PSBC Express" - the new business model serving rural revitalization. Focusing on Chongqing's rural specialty industries, agricultural product wholesale markets and rural supermarkets at the township and county level, PSBC Chongqing Branch, together with the Chongqing Branch of China Post Group, visited government platforms and conducted customer credit line evaluation via code scanning to facilitate the large-scale expansion of the "PSBC Express" customer base.

Secondly, through product innovation, the Bank launched the "PSBC Express" exclusive loan products. PSBC Chongqing Branch provided preferential credit support to operators in Chongqing's rural specialty industrial chains, such as citrus, Chinese medicinal herbs, crisp plums, pickled vegetables, Sichuan peppercorns and lemons, personnel in rural transportation and logistics industry, and customer groups identified and recommended by Chongqing Branch of China Post Group. It increased the credit limit for unsecured loans from RMB0.4 million to RMB1 million, thereby better satisfying the financing needs of customers. As at the end of the reporting period, a total of RMB1,367 million loans had been issued to 4,649 "PSBC Express" customers.

Thirdly, through innovative service models, the Bank expanded its basic financial services. Leveraging its unique model of "directly-operated + agency outlets" and under the guidance of the PBC Chongqing Branch, PSBC Chongqing Branch relied on ULE stations of China Post Group to build integrated service stations and financial knowledge education centers. A total of 790 inclusive finance village bases were established under the "1 + 2 + N" model to serve rural areas. The Bank strengthened financial knowledge education through these bases and conducted various educational campaigns on personal credit reporting, identification of illegal intermediaries, anti-fraud measures, and anti-counterfeit currency, which reached over 2,000 administrative villages in 39 districts and counties.

Inclusive Finance

Column

Building a Financial Platform to Benefit Agriculture and Contributing to Rural Industry Revitalization

Industry revitalization stands as the cornerstone of rural revitalization and a pivotal focus area for financial support to agriculture. In recent years, the Bank focused on rural specialty industries that are "small but with excellent quality" and "distinct and superb", vigorously implemented the specialty industry action plan, and strengthened cooperation with the government, guarantee, insurance and association platforms. It promoted the "one industry, one solution" model for "Industry Loan" services and systematically enhanced its service capacity for rural specialty industries. As at the end of the reporting period, the balance of the Bank's "Industry Loan" for personal businesses amounted to RMB257,684 million, with a net increase of RMB125,204 million in the year.

Qingdao

In Qingdao, the Bank launched the "Party building takes the lead and rural revitalization takes priority" thematic campaign to support rural revitalization and innovated the "Party building +" model. It selected over 90 Party cadres and employees, who formed nine task forces, to work in different counties and districts. These selected cadres and employees were assigned to local sub-branches to provide on-the-ground support and serve customers together with frontline workers. Through innovative Party-building collaborations and in collaboration with government and enterprises, the Bank also explored the new financing matchmaking model of "finance + chambers of commerce + enterprises" to precisely allocate financial resources to specialty industries. As at the end of the reporting period, PSBC Qingdao Branch had served more than 14,000 specialty industry customers and extended micro loans totaling over RMB7.9 billion, a net increase of over RMB0.8 billion in the year.

Liaoning

In Liaoning, the Bank focused on seven key rural specialty industries and 23 specialty industry clusters and actively collaborated with agricultural and rural affairs departments at various levels and the provincial agricultural credit guarantee company to support the growth of specialty industries. On one hand, concentrating on developing the Liaoning Brand agricultural products, such as rice, vegetables, fruits, livestock, fresh produce, medicinal herbs and flowers, the Bank innovatively launched the "N plus N"[1] specialty industrial chain model. It focused on the development of 36 specialty industries, such as Liaoning beef cattle, Beizhen grapes, Donggang strawberries and Huludao peanuts and created the distinct credit service model "Liaoning Specialty Industry E Loan". On the other hand, the Bank proactively engaged with competent government departments, agricultural enterprises and key industry players during critical periods such as spring planting preparations and autumn harvest and processing to expand the specialty industry customer groups in bulk. As at the end of the reporting period, over 40,000 loans had been issued under the "Liaoning Specialty Industry E Loan" model, with a total volume of over RMB14.4 billion.

Henan

In Henan, considering that Henan is a major agricultural hub, the Bank actively integrated internal and external forces and developed diversified cooperation models such as "bank-government" and "bank-guarantee" cooperation models to promote the development of specialty industries through tailored approaches. The Bank strengthened cooperation with the Department of Agriculture and Rural Affairs, the administration for market regulation and other government platforms and conducted the "High-Quality Development of Counties, Towns and Villages" and "High-Quality Development of Cities" marketing campaigns in rural and urban markets respectively. It deepened cooperation with government-backed financing guarantee platforms such as provincial agricultural credit guarantee companies, provincial agricultural development guarantee companies and Zhengzhou Agricultural Financing Guarantee Co., Ltd. to enhance mutual trust and jointly address the financing difficulties in rural areas. Furthermore, it advanced the "one county, one industry; one branch, one product" initiative, and created "Industry Loan" business plans for specialty industries such as homestays, agriculture and livestock farming, chili peppers, scorpions, down feathers, edible fungi, Chinese medicinal herbs and animal hair processing. Each plan features tailored loan elements such as credit limits, interest rates and repayment methods, effectively mapping the "specialized customer groups" in Henan Province. As at the end of the reporting period, the balance of "Industry Loan" in PSBC Henan Branch reached RMB43,762 million, with a net increase of RMB26,151 million in the year.

1 The "N plus N" refers to N specialty industries plus N specialty industry customer groups.

Inclusive Finance

SME Finance

The Bank steadfastly pursued a high-quality development strategy, continuously reinforced the development of long-term mechanisms, and fully implemented the financing coordination mechanism for MSEs. It deepened the three-dimensional service system and constantly expanded the service coverage for MSEs. Focusing on key areas, the Bank innovated diverse digital products for multiple scenarios, enhanced its digital operational capabilities, and maintained the Bank's concept of acting as a primary bank to meet the diversified needs of MSEs. As at the end of the reporting period, the Bank's balance of inclusive loans to MSEs stood at RMB1.63 trillion, accounting for more than 18% of the total loans to customers, readily ranking in the forefront among major state-owned banks. The number of customers with outstanding loans reached 2,107.9 thousand. The average interest rate of the newly granted inclusive loans to MSEs stood at 4.16% in the year, a year-on-year decrease of 45 bps.

Expanding Reach: Deepening the Multi-Dimensional Service System

The Bank reached MSE customers extensively across online, remote and offline channels. Through methods such as corporate banking intelligent pop-ups and push notifications, the Bank reached target customers with personalized approaches. It also created an "artificial + intelligent" intensive service model to promptly respond to the financial needs of MSE customers. The Bank fully leveraged its outlets as the main platform for serving MSEs. With nearly 10,000 inclusive financial service representatives and equipped with digital tools such as inclusive marketing maps, enterprise 360-degree views and digital grid portraits, the Bank delivered more integrated and professional services to MSEs and effectively improved the coverage, accessibility and customer satisfaction of its services through digital and intelligent empowerment. In addition, the Bank launched the "Inclusive Finance Promotion Month" initiative. By visiting businesses, rural areas, communities, government agencies and partners, the Bank precisely understood customer needs, built cooperation platforms, widely promoted inclusive financial services, and carried out policy interpretation activities. During the initiative, the Bank organized over 4,000 matchmaking events, held nearly 5,000 product introductions and educational activities, engaged with over 150,000 business entities, and reached more than 2.16 million person-times.

Building Distinctiveness: Strengthening Services in Key Areas

The Bank intensified its focus on key areas including industrial chains, industry clusters, industrial parks and industrial relocation, aiming to cultivate differentiated competitive advantages. It innovatively developed "digital +" scenario-based financial services. Building upon the structure of the existing online product "Easy Small and Micro Loan" and taking into consideration differences in customer groups, industries and transaction scenarios under different industrial chain scenarios, the Bank promoted the standardization of transaction models. Through modular product configurations and cutting-edge technologies such as blockchain, the Internet of Things, big data and AI, the Bank introduced a new industrial chain service model with less reliance on the credit line and guarantee from core enterprises. The model delivers convenient and efficient solutions for MSEs across key sectors, including clothing, food, housing, transportation, pharmaceuticals and healthcare. The Bank also provided batch services for small enterprise customers in national and regional specialty industry clusters, developed exclusive credit products for industry cluster customers, and increased unsecured loan support for regional industry clusters. The Bank continued to improve financial services for industrial parks, developed dashboards for financial customers in the parks, and assisted the parks in batch development with visualization features. Seizing industrial relocation opportunities, the Bank focused on "scenario-based services and regional collaboration", created a working mechanism based on a "customer list", an "institution list", a "product list" and a "policy list" and coordinated efforts between the Head Office and teams formed by tier-one branches, to help optimize the space layout of productivity and serve national industrial development strategies.

A Case for Learning More

In Henan Puyang's Taiqian County, known as the "Home of China's Down", PSBC Taiqian Sub-branch continued to make innovations in operational models, platform development and product innovation to effectively serve the local down industry. The sub-branch formed a specialized service team for SMEs and offered financial services to enterprises at their doorsteps. It proactively connected with local government agencies and hosted bank-enterprise matchmaking sessions to remove information barriers. It also continuously intensified product innovation by launching corporate tax credit loans and patent right discount loans, which precisely met customers' financing needs. The sub-branch granted nearly RMB0.8 billion of loans to local down processing enterprises, which covered 90% of the enterprises in the area.

Improving Services: Accelerating Comprehensive Product Innovation

The Bank continued to intensify product innovation and improve its comprehensive financial product system which offers both "credit + non-credit" products. The Bank accelerated the innovation and integration of digital credit products. Focusing on "maximizing the value of data elements", it integrated its digital product "Easy Small and Micro Loan" with the standardized product "Quick Loan", created an integrated operation mechanism of "data model-based decision-making + manual review and approval", promoted the integration of scenarios such as technology innovation, taxation, invoices and government services and unified credit limit strategies. The Bank focused on ensuring stable grain production and supply and innovated and optimized the dedicated credit product "U Grain Easy Loan" for SMEs in grain storage and processing. It customized product elements and provided higher credit limits and more suitable unsecured working capital loans for enterprises involved in grain storage, production and processing, better matching customers' needs.

With the innovative philosophy of "scenario + finance" at its core, the Bank continued to innovate and optimize the "PSBC Facilitates Corporate Operation" one-stop digital management platform for enterprises. The platform focuses on one-stop scenario-based services and integrated business linkage and promotes the deep integration of digital technology and the real economy. The platform provides nine core features: "facilitating fiscal and tax management", "facilitating operation", "facilitating ordering", "facilitating invoice management", "facilitating salary management", "facilitating payroll", "facilitating expense control", "facilitating office" and "facilitating information security". These features cover key scenarios such as corporate fiscal and tax management, salary management, purchase, inventory and sales management, invoice management, expense control and reimbursement management, office management and information security. Through intelligent operations such as one-click tax declaration, intelligent invoice collection, online invoicing and customized review and approval, the platform enables data sharing and information connectivity for enterprises and helps SMEs transition into the digital era. The "PSBC Facilitates Corporate Operation" successfully became a service provider for the digital transformation of SMEs in provinces such as Hainan, Sichuan and Shandong and played an essential role in supporting the high-quality development of local SMEs. As at the end of the reporting period, "PSBC Facilitates Corporate Operation" had served 74.4 thousand customers.

Inclusive Finance

A Case for Learning More

PSBC Anhui Branch thoroughly implemented the policy requirements for accelerating the development of the "100-billion-jin granary in the Jiang-Huai region (between the Yangtze River and the Huai River)" project, ensured financial support as a major state-owned bank, and actively used the "U Grain Easy Loan" to increase financial support for grain storage and processing enterprises, to promote grain conservation and loss reduction and help solidify the cornerstone of food security. A flour processing enterprise in Anhui Province continuously upgraded its warehousing and processing equipment. In February 2024, the enterprise invested over RMB3 million in purchasing a new flour milling unit. This technological upgrade helped improve flour quality and substantially reduce grain loss. During the grain collection season, after knowing that the enterprise faced liquidity constraints following its equipment upgrade, PSBC Anhui Branch provided RMB10 million loan support to the enterprise through the "U Grain Easy Loan", to help the enterprise achieve "high-quality grain production and excellent storage". PSBC Anhui Branch already served over 100 SMEs involved in grain collection, storage, processing and other related processes.

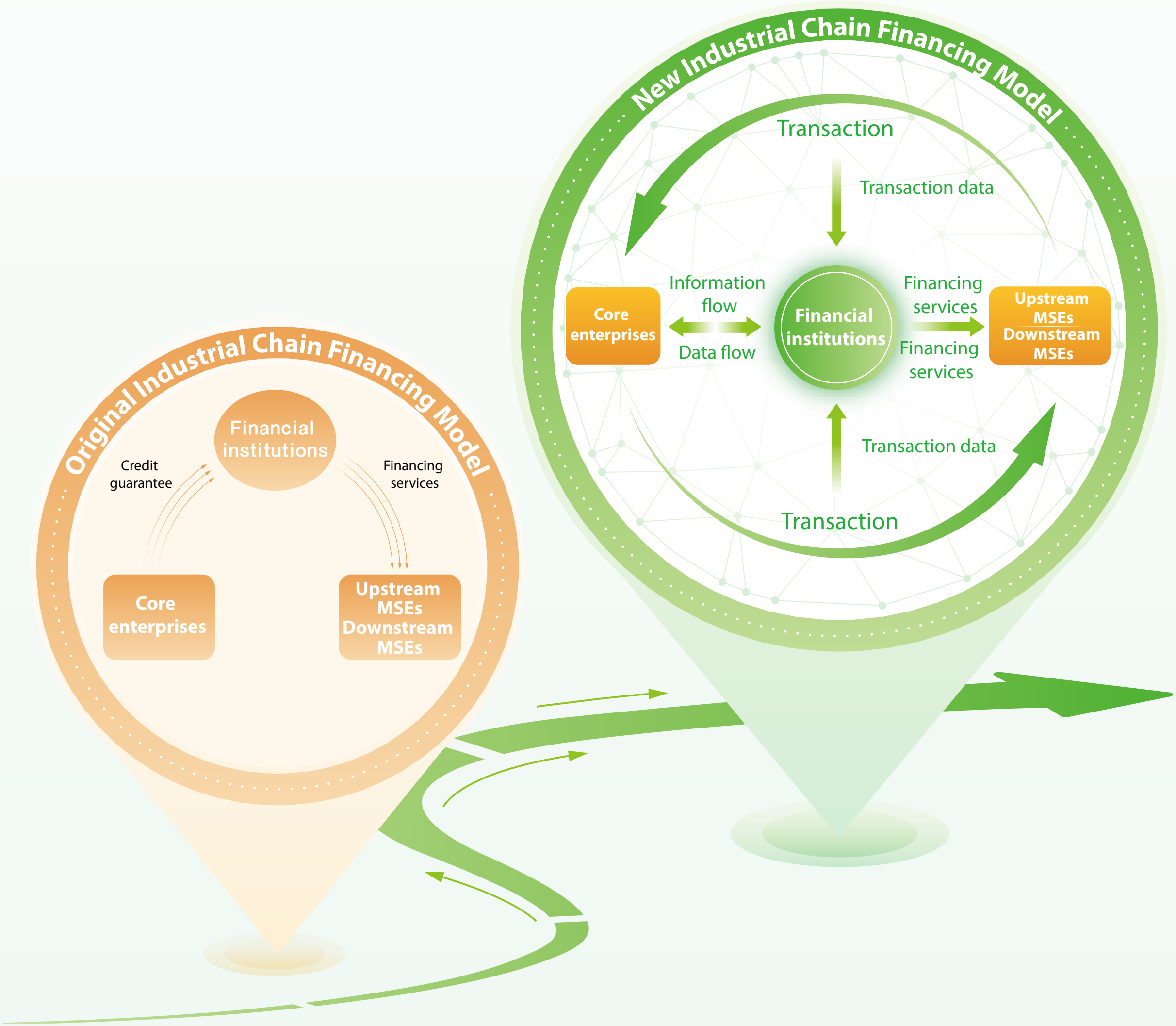
Enhancing Quality and Efficiency: Enriching Full-Process Intelligent Risk Control System

The Bank continuously improved its capacity for digital, intelligent, and intensive risk management and enriched its full-process intelligent risk control system. It continued to integrate data resources from dimensions such as scenarios, government affairs, public opinion, and business operations, delved into data value mining, deployed over 600 pre-lending automatic approval strategies and post-lending warning strategies, and continued to iterate and optimize these strategies. By reviewing customers of key products, and in key regions and industries, the Bank continuously improved the digital, visualized, and intelligent customer risk profiles and outlined customer risk characteristics to assist in "early detection" and "early resolution" of risks and enhance the ability to identify and control risks.

Column

Innovating Industrial Chain Financing Model with Less Reliance on the Core Enterprises and Deepening Scenario-Based Financial Services

The Bank, based on the "1 plus N" financial service philosophy, introduced financial technologies such as big data development and application, machine learning and blockchain to create a new industrial chain financing model with less reliance on the credit line and guarantee from core enterprises for MSEs, with "1" as the entry point. This model fully utilizes industry scenario data, reduces the occupation of credit lines for core enterprises, and focuses more on the actual operating conditions of MSEs along the industrial chain. The Bank innovated intelligent risk control solutions for industry scenario-based financing and created industrial chain scenario-specific online credit products with various business development models, so as to enter MSE transaction scenarios quickly and achieve rapid and bulk reach to upstream and downstream enterprises.



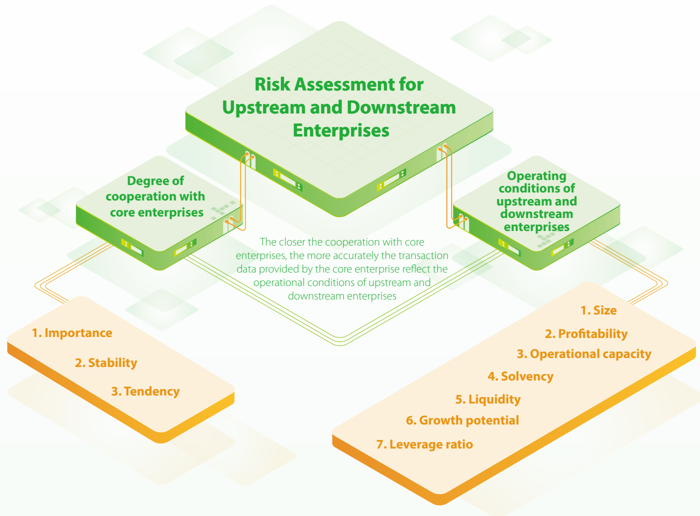
New industrial chain financing model vs. original industrial chain financing model

Innovating Intelligent Risk Control Solution for Industrial Chain Scenario Financing

Based on big data mining and application, the Bank innovatively designed an industrial chain-specific credit risk assessment system, which consists of a distinctive credit risk assessment framework, customized indicator system and specialized scoring

Inclusive Finance

cards. The industrial chain-specific credit risk assessment framework is based on the principles of systematization, comparability, scientificity and feasibility and considers two major aspects: the degree of cooperation with core enterprises and the operating conditions of upstream and downstream enterprises. It assessed the importance, stability and tendency of cooperation with core enterprises, as well as the size, operational capacity, profitability, solvency, liquidity and other financial indicators of the upstream and downstream enterprises. Empowered by blockchain technology, the Bank innovatively created a whole-process intelligent risk control solution that included pre-, in- and post-lending processes across diverse operational scenarios. For upstream, downstream and platform scenarios across the industrial chain, this solution enabled credit line extension based on historical transaction data, issued credit based on real-time transaction data, and conducted early warnings based on post-lending operational and performance data, flexibly applying the outcomes of the industrial chain-specific credit risk assessment system.



Industrial chain-specific credit risk assessment framework

Building a Collaborative Operation Model and Continuously Promoting Product Optimization and Innovation

The Bank coordinated the collaboration across its branches and established an internal collaborative syndicated loan model where the branch in the core enterprise's location serves as the lead bank and the branch in the borrower's location acts as the handling bank. The proportional funding, profit sharing and risk sharing between the lead and handling banks are automatically executed by the system. Based on the intelligent risk control solution for the industrial chain scenario financing and the internal syndicated loan model, the Bank innovatively launched the "Industry E Loan", an exclusive online credit product for MSEs in industrial chain transaction scenarios. This product promotes the standardization of transaction models and sets approved customer groups, payment methods, credit limit management, etc. through the parametric configuration of product elements. It ensures modular management of core enterprises and automated system control of the operation model. By integrating the industrial chain development with less reliance on the core enterprises with a proactive credit extension model, the Bank could swiftly penetrate various industrial chain transaction scenarios such as telecommunications, chemicals, engineering, electronics, cement and healthcare. The Bank has already cooperated with several core enterprises on industrial chain projects and achieved business implementation. As at the end of the reporting period, the Bank secured 40 industry platform projects, expanded core enterprises by 236, and extended over RMB15 billion in loans accumulatively.

PSBC Chongqing Branch collaborated with third-party supply chain technology platforms for system interaction. Based on accounts payable confirmed by core enterprises on the Bank's white list on the platform, the Bank provided online accounts receivable pledge loan services to upstream MSEs holding corresponding accounts receivable from the core enterprises and ensured MSEs' access to convenient financing services. PSBC Sichuan Branch focused on the local liquor industry, conducted research in various forms, such as field visits and seminars, collaborated with core enterprises to build an online industry finance platform, and innovatively launched the "Industry E Loan" for the liquor industry. This platform solves the challenges facing traditional supply chain models in areas such as "guarantees", "rights confirmation" and "credit line utilization" and provides convenient and efficient services to distributors and suppliers of Sichuan liquor nationwide.

Column

Promoting the Implementation of the MSE Financing Coordination Mechanism and Closing the "Last Mile" Gap in Financial Services to Benefit Enterprises and the People

The Bank fully implemented the relevant requirements of the MSE financing coordination mechanism. It took proactive measures, made solid efforts to advance inclusive finance, and continuously injected financial support into the development of MSEs. In line with the goals of "being accessible to grassroots-level enterprises, fast and convenient services, and appropriate interest rates", the Bank quickly formulated a work plan and held a Bank-wide implementation meeting. It implemented a "top leadership accountability system" and established a four-tier work team framework from the Head Office to county-level sub-branches. This framework ensures effective implementation at every level. The Bank equipped these teams with sufficient resources and set up a package of supporting policies to fully stimulate grassroots-level vitality and actively benefit the real economy. Policy transmission was "extensive". The Bank leveraged its extensive outlet network and distinctive features and integrated deeply into local "Enterprise and Household Outreach" initiatives. It also conducted independent outreach efforts based on local conditions. These activities reached deeply into industrial parks, communities and rural areas and ensured wide connection with various business entities. At the same time, the Bank played an active role in policy transmission. It conducted policy promotion and interpretation through various inclusive finance policy publicity meetings and bank-enterprise matchmaking events and worked closely with local governments and enterprises to ensure comprehensive policy awareness and accessibility by MSEs. Over 1,000 matchmaking events were organized and more than 0.3 million market participants were reached by the Bank. Service efficiency was "high". The Bank optimized the credit extension procedures comprehensively and established a green channel for quicker approval. It strengthened support for key sectors, streamlined the loan renewal procedures and improved the loan renewal experience to address the difficulties MSEs faced in renewing loans. Professional services were "excellent". The Bank created a customer-centered "credit +" integrated service model and actively expanded financial service scenarios. It rolled out innovative products tailored to the specific needs of enterprises and provided comprehensive financial services such as credit financing, account settlement, corporate wealth management and consulting services. Since the launch of the MSE financing coordination mechanism, the Bank cumulatively extended credit of over RMB210 billion to entities on the recommended list and disbursed more than RMB150 billion in loans, injecting strong momentum into the vigorous development of MSEs.

PSBC Fujian Branch learned during its visit that a bamboo and wood processing enterprise in Nanping urgently needed working capital to purchase raw materials. The branch introduced the policies of the MSE financing coordination mechanism to the enterprise's head. The latter posted the enterprise's financing needs through the Fujian Financial Service Cloud Platform. Then within 24 hours, the branch successfully granted the enterprise a loan of RMB10 million through its "Online Collateral E Loan" product. PSBC Xiangyang Branch in Hubei proactively visited the local automotive industrial park. It fully understood the development status, financial needs and challenges faced by local MSEs in the automotive industry and provided exclusive financial solutions for these enterprises. For sci-tech enterprises with specialized expertise, light assets and high growth potential, the branch introduced the Bank's exclusive "Sci-Tech Loan" to companies in the park to offer feasible financial solutions that truly meet their needs. PSBC Chongqing Branch successfully implemented the first loan disbursement business under the "recommended list" of the MSE financing coordination mechanism among major state-owned banks in the region.

Majority-Owned Subsidiaries

The Bank has three majority-owned subsidiaries, namely PSBC Wealth Management, PSBC Consumer Finance and YOU+ BANK. During the reporting period, the Bank continued to enhance the consolidated management of its majority-owned subsidiaries. These subsidiaries adhered to differentiated positioning, focused on their core business and strove for excellence and professionalism. They intensified efforts to improve corporate governance, continuously promoted business transformation and comprehensively strengthened risk control.

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PSBC WEALTH MANAGEMENT

PSBC Wealth Management was established on December 18, 2019, with a registered capital of RMB8 billion, in which the Bank holds a 100% stake. Its business scope is: public issuance of wealth management products to the general public, investment and management of entrusted assets for investors; non-public issuance of wealth management products to eligible investors, investment and management of entrusted assets for investors; financial advisory and consulting services, etc. As at the end of the reporting period, PSBC Wealth Management had total assets of RMB13,978 million and net assets of RMB13,720 million. During the reporting period, it realized an operating income of RMB1,725 million, a year-on-year increase of 21.74%, and recorded a net profit of RMB1,030 million, a year-on-year increase of 22.47%.

With the goal of accelerating the development into a first-class bank-owned asset management company, PSBC Wealth Management followed the pathway of digital, intelligent, refined and integrated development, and implemented the business philosophy of "maintaining steady growth, adjusting structure, strengthening marketing efforts, preventing risks and advancing transformation to achieve high-standard and high-quality development". As at the end of the reporting period, the scale of products managed by PSBC Wealth Management totaled RMB1,022,530 million, an increase of 31.68% from the end of the previous year, which represented one of the highest growth rates in the industry. The scale of net-value products amounted to RMB999,236 million, accounting for 97.72% of all products.

Committed to the country's most fundamental interests, PSBC Wealth Management resolutely implemented the "five priorities" in practice. First, the company vigorously supported technology finance. As at the end of the reporting period, its investments in bonds for the real economy reached RMB479,493 million, a 115.22% increase compared to the prior year-end. The proportion of science and technology innovation bonds reached 1.83%. The company participated in cornerstone investments for Midea Group's Hong Kong IPO and strategic placements in CAMC Joy City REIT, which set industry precedents. Second, the company continued to develop green finance. Green bonds accounted for about 3.25% of its total bond balance. The company launched green wind power equity and ESG-themed wealth management products, and widely invested in green finance sub-sectors, including renewable energy, ecological protection and low-carbon transition. Third, the company actively practiced inclusive finance. It issued a total of 130 new inclusive wealth management products, with a total of RMB126,765 million raised. Among them, 15 were wealth management products benefiting farmers and serving rural revitalization, which raised RMB49,886 million. Fourth, the company provided solid support for pension finance. Since the launch of pension wealth management and personal pension wealth management, the average annualized returns were 3.77% and 4.21%, respectively, which ranked among the top in the industry. The company's pension finance practices were included in the "2024 Innovation Practice Case Database for Building China into a Financial Powerhouse" by People's Daily Online, and the company was the only bank-owned wealth management company to be included. Fifth, the company continued to develop digital finance. It fully implemented its IT development plan featuring digital and intelligent integration and completed 35 projects. It advanced precision marketing, investment research and digital operations of risk control. The company's annual average transaction volume exceeded RMB20 trillion, which placed it among the industry leaders in trading capabilities.

PSBC Wealth Management promoted refined management, and significantly improved its products' market competitiveness. First, the company optimized product layout and structure. Non-cash products accounted for 72.27% of the product scale, an increase of 17.86 percentage points. The share of products with a one-year or longer maturity reached 26.82%, an increase of 5.92 percentage points. Second, the company strictly controlled product quality. Its products led the industry in terms of average yield, volatility and the rate of reaching benchmark performance, with 99.01% of redeemed closed-end products reaching the benchmark performance. Several products were listed on influential rankings such as the 21st Century Business Herald and Lianhe Zhiping.

PSBC Wealth Management deepened reform and innovation, and fully drove high-quality development. First, the company focused on enhancing returns, and achieved significant results in multi-asset and multi-strategy innovation. It strengthened credit exploration, and its non-financial credit bonds accounted for 81.00%, above the industry average. It developed more than 47 strategies, among which, eight were complex strategies such as indices, quantitative trading, and derivatives. The company successfully achieved diversified asset allocations that covered exchange-traded funds (ETFs), gold, derivatives and REITs. Second, the company drove new breakthroughs in customer service and marketing systems by using methods such as customer lists and digital grids. The number of customers using PSBC channels steadily grew to 16,105.6 thousand customers, up by 28.28%, which set a historic high. Retail channels outside the Bank saw significant growth from various aspects, with a year-on-year increase of 98.10%, which placed the company among the top of the industry. The institutional wealth management service model for major customers continued to break new ground, and the outstanding scale reached RMB138,019 million. Third, the company built a high-standard risk control and compliance system. It used methods like the "dual-quantity" framework, the "dual-warning" model and the "360-degree panorama" model, and strengthened monitoring and early warnings. It continuously optimized its credit risk management system to strengthen its response capabilities and ensured that new products maintained zero non-performing assets. The company also served as the chair of the Wealth Management Committee of the China Banking Association and received high recognition from regulatory authorities for its work in industry legislation, self-regulation and standardization.

Majority-Owned Subsidiaries

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PSBC CONSUMER FINANCE CO.,LTD.

PSBC Consumer Finance was established on November 19, 2015, with a registered capital of RMB3 billion, in which the Bank holds a 70.50% stake. Its business scope is: granting personal consumer loans; accepting deposits from shareholders and their domestic subsidiaries as well as parent companies of the groups to which shareholders belong and their domestic subsidiaries; borrowing from domestic financial institutions; borrowing from overseas financial institutions that are shareholders of the company; issuing non-capital bonds; interbank funding; advisory and agency services related to consumer finance, etc. As at the end of the reporting period, PSBC Consumer Finance had total assets of RMB67,229 million and net assets of RMB6,713 million. During the reporting period, it realized operating income of RMB7,541 million and recorded a net profit of RMB804 million.

PSBC Consumer Finance actively fulfilled its social responsibilities. The company implemented inclusive finance policies, improved the accessibility of consumer finance and extended financial services to more customer segments. First, in accordance with regulatory guidance and requirements, it steadily moved forward with interest rate reductions, made reasonable interest concessions to consumers and further practiced inclusive finance. During the reporting period, the company's comprehensive loan pricing decreased by 1.66 percentage points compared to the end of the previous year. The company issued RMB197.3 billion in inclusive loans, continuously increased the supply of consumer credit services, and promoted the prosperity of the consumer market. It provided 43 thousand customers with special interest and fee reductions, repayment deferrals, loan extensions, credit support programs and mediation services, and a total of RMB221 million of interest and fees were reduced or exempted for customers. Second, in response to the requirements of the NFRA and the China Banking Association for targeted assistance for rural revitalization, the company solidified its "responsible finance" brand image. It launched a rural revitalization policy promotion program in Chahar Right Rear Banner, Ulanqab City, Inner Mongolia, fulfilled its political responsibility for targeted assistance, made solid progress in the work related to targeted assistance, and closely tracked its implementation results. Third, the company continued to optimize the construction of the system and mechanism for consumer rights and interests protection, improved the training system on consumer protection information disclosure and publicity and education, advanced regular financial literacy education, and took on corporate social responsibility. It published 180 promotional materials related to financial knowledge. The company's financial literacy education activities covered new citizens, college students, young adults and senior citizens, and received positive social feedback.

PSBC Consumer Finance continued to promote high-quality development. The company focused on strategic goals, strengthened channel structure adjustments, and worked to achieve high-quality development. First, it actively explored the business model of scenario-based consumption, fully strove to expand the scale of scenario-based business, actively responded to national requirements for the high-quality development of service consumption, and increased the share of scenario-based consumption business. Second, it advanced digital transformation across the board, implemented the "Management Enhancement Year" initiative to empower front, middle and back offices and helped to achieve high-quality development. Third, the company focused closely on business goals, mitigated risks, identified management weaknesses and pooled resources to make improvements one by one.

PSBC Consumer Finance comprehensively promoted digital transformation. The company implemented the strategic goal of "technology first", strengthened data-driven operations, explored deeper into data value, and deepened technological innovation and application. First, it completed a Level 3 Data Management Capability Maturity (DCMM) assessment and ISO20000 IT Service Management certification, and won the "Digital Finance Excellence Entities" award in the "Turning Digits into Finance" event hosted by the Guangzhou Digital Finance Association. The company applied for over 141 invention patents in total and added 48 new patents and 29 new software copyrights in the year, which continuously enhanced its technological strength and industry influence. Second, the company strengthened the development of its technology governance system, improved the effectiveness of comprehensive governance, and ensured zero incidents of major information technology risks. Third, it further applied large model technologies. The "PSBC Foresight 2.0" large model continued to release high-quality data value with advanced algorithms and technologies, and further enhanced internal efficiency and external experience through technological empowerment. The latest results from two authoritative evaluation lists, C-Eval (a multi-level multi-discipline Chinese evaluation suite for foundation models) and CMMLU (measuring massive multitask language understanding in Chinese), showed that "PSBC Foresight 2.0" ranked 7th in C-Eval and 8th in CMMLU Five-shot, both of which secured the model's top position among large models in the consumer finance field.

Majority-Owned Subsidiaries

邮惠万家银行

YOU+ BANK was established on January 7, 2022, with a registered capital of RMB5 billion, in which the Bank holds a 100% stake. Its business scope is: absorbing deposits from the public, mainly from individuals and MSEs; providing short, medium and long-term loans mainly to individuals and MSEs; domestic and foreign settlement through electronic channels; electronic bill acceptance and discount; issuing financial bonds; buying and selling government bonds and financial bonds; interbank lending; buying and selling foreign exchange by itself or as an agent; bank card business; agency collection and payment of funds and bancassurance, etc.

In 2024, YOU+ BANK remained committed to its original mission of "serving Sannong customers, facilitating MSEs and benefiting the public". It actively served national strategies, leveraged shareholder resources, focused on micro and small-sized entities across industrial chains and the public in urban and rural areas, stepped up financial support, and vigorously expanded inclusive credit and wealth management for mass customers, as well as payment facilitation in urban and rural areas. It adhered to the prudent business philosophy, consolidated the management foundation, improved its product system, connected internal and external channels, and promoted the in-depth cultivation of customer groups. It strengthened technological empowerment, enhanced risk control capabilities, safeguarded the risk bottom line, and achieved steady growth. As at the end of the reporting period, it recorded AUM of RMB21,728 million, cumulative registered users of over 21 million, total assets of RMB12,828 million, and net assets of 4,159 million. During the reporting period, it achieved operating income of RMB243 million.

YOU+ BANK improved the credit product system and expanded the coverage of inclusive services. With a focus on the financing needs of Sannong customers, MSEs across industrial chains and new urban residents, it enriched the "YOU+ Loan" series of products, and forged the standard credit product matrix including "Quick Loan, Business Loan, Chain Loan and Agricultural Loan". It launched graded and classified products, enhanced digital risk control capability, upgraded risk models, refined credit strategies, delivered better credit experience for customers, and achieved steady growth of credit scale.

YOU+ BANK leveraged online operation advantages to meet the demand of mass customers for wealth management. It optimized the model for agency sales of wealth management product portfolios, launching "Change Management Wealth", "Weekly Wealth", "Monthly Wealth", "Quarterly Wealth" and "Yearly Wealth" products, and delivering "supermarket + package" featured services for wealth management products. As at the end of the reporting period, the wealth management assets under management in county areas and below made up over 60% of the total. It tailored services for customers, launched the "Her Wealth Management" service for female customers, and established a special section of "contents + signature products" to meet the demands of the public for wealth management.

YOU⁺ BANK integrated into the scenarios for the benefit of farmers and businesses, and further facilitated settlement in urban and rural areas. Targeting the business customers of China Post Group, it launched the business service platform, providing merchants with the "collection + credit + wealth management" integrated solution to support the operation and development of micro and small-sized merchants. It has served over 48,000 micro and small-sized merchants in seven provinces (municipalities directly under the central government). Targeting the pain points in the procurement of agricultural products in urban and rural areas, it crafted payment products for agricultural products, to facilitate payment for procurement of agricultural products in urban and rural areas.

YOU⁺ BANK emphasized prudent and compliant operations and enhanced risk management capabilities. It strengthened the risk data foundation, established the system of data of individuals and MSEs, and enabled full access to and effective application of core data sources. It standardized the life cycle management of risk models, improved the regular mechanism for agile upgrade and feedback, created new modes of managing risky customer pools, and formed a risk control mechanism that covers the whole process from pre-lending approval and early warning during lending to post-lending collection. It intensified internal control and compliance building and established an operation philosophy of "putting risk control first and ensuring compliance from the source". It refined the institutions and systems, and reinforced the foundation for compliance management. It optimized the operation mechanism for consumer protection, enhanced the efficiency of complaints handling, and effectively safeguarded consumers' rights and interests.

YOU⁺ BANK increased the application of technological innovation and consolidated the foundation of data-driven development. It improved the planning for information technology, bolstered systematic support, optimized personnel structure, boosted technological output, effectively improved core competence as well as credit supply and risk control capabilities, and effectively shortened the cycle of delivery. It cemented the data foundation, expanded the data middle office, and advanced data-driven business development in all aspects. It stepped up innovation and application, actively introduced technologies like AI, graph database and privacy computing, continuously explored pilot application of open-source large models, optimized user experience, jointly built credit models with partners, and improved the precision of risk control in multiple dimensions.

Discussion and Analysis (continued)

Scan the QR code to watch the PSBC promotional video "Bringing Hope to the Grassland Pasture"

Capability Building

Financial Technology

Investment in information technology amounted to RMB **12,296** million,

a year-on-year increase of **9.03**%,

accounting for **3.52**% of operating income.

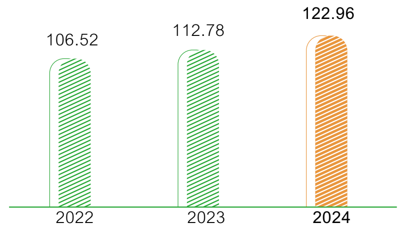
The independent and controllable large model "Youzhi" (PSBC Intelligence) was launched.

The new-generation credit card core system was fully put into operation.

Investment in information technology

(in RMB100 million)

Year-on-year increase of **9.03**%



The Bank, guided by the "14th Five-Year" IT Plan, with technological innovation at its core and refined management as an important measure, continued to leverage digital technologies to enhance the quality and efficiency in serving the "five priorities" of the financial sector and inject new momentum into the Bank's high-quality development. During the reporting period, the Bank's investment in information technology amounted to RMB12,296 million, a year-on-year growth of 9.03% and accounting for 3.52% of operating income.

Comprehensively Building Digital Intelligence Advantages

The Bank is committed to leveraging financial technology to drive high-quality development. With a customer-centric approach, it strove to enhance financial service efficiency and customer experience, continuously deepened the application of financial technology innovation, strengthened the capability for development driven by innovative technology, and accelerated the building of digital intelligence advantages to secure future success.

Making Every Effort to Advance the "Five Priorities"

The Bank's technology team innovated financial products and upgraded the service model with a focus on the "five priorities" of the financial sector, namely technology finance, green finance, inclusive finance, pension finance and digital finance.

Technology Finance: Based on multidimensional big data, the "Jinxin" unified credit extension management system builds a capability assessment system for sci-tech enterprises. Moving beyond the perspective of the traditional cash flow evaluation, it accurately identifies the value and risks of sci-tech enterprises, comprehensively assesses their technological innovation capabilities and growth prospects, enhances the Bank's risk control accuracy, improves the accessibility of financing for sci-tech enterprises, and effectively addresses the financing bottleneck.

Green Finance: Leveraging its "Jinjing" (Gold Eye) credit risk monitoring system, the Bank collected, organized and analyzed disclosed environmental information to build an environmental information database. By integrating environmental risks with credit extension policies through big data technology, the Bank efficiently identified enterprises' environmental credit risks and enhanced credit extension management efficiency. The Bank refined its credit business platform for corporate customers and utilized intelligent model recognition technology to automatically calculate the environmental benefit data. It standardized green loan classification rules, strengthened the identification of green projects and green assets, and provided support for the development of a green, low-carbon and circular economy in a targeted way. The Bank promoted the digitalization and intelligent transformation of business procedures and built a centralized and shared enterprise-level paperless system that is independent and controllable. Deeply integrated into 166 business scenarios, the system saved over 5.4 million sheets of paper accumulatively in handling credit extension and loan business and reduced carbon dioxide equivalent emissions by more than 110 metric tons in the year, significantly lowering operating costs and improving operational quality and efficiency. The Bank increased server room power density, used high-efficiency and energy-saving equipment, and fully applied residual heat recovery technology to improve the energy efficiency of newly-built server rooms. Through the data integration and intelligent decision-making of environmental and power monitoring, building automation, and AI-based energy efficiency management systems, the Bank strengthened the intelligent management of existing server rooms, achieved overall optimization of cooling systems, significantly reduced energy consumption of operational server rooms, and promoted the sustainable development of data centers.

Inclusive Finance: By leveraging big data models, the Bank conducted real-time online intelligent risk assessments for corporate customers applying for the "Inclusive Finance Discount". By doing so, it met the needs of MSEs for obtaining credit lines and completing bill discounting without leaving their premises. The processing time was shortened from 2-3 days to T + 0 at the fastest. The Bank developed an open service platform that integrates open banking capabilities, solutions and cloud services, with a focus on government service, people's livelihood and inclusive finance. The platform has enabled more than 2,000 application scenarios, with a monthly average transaction volume of approximately RMB2.4 billion.

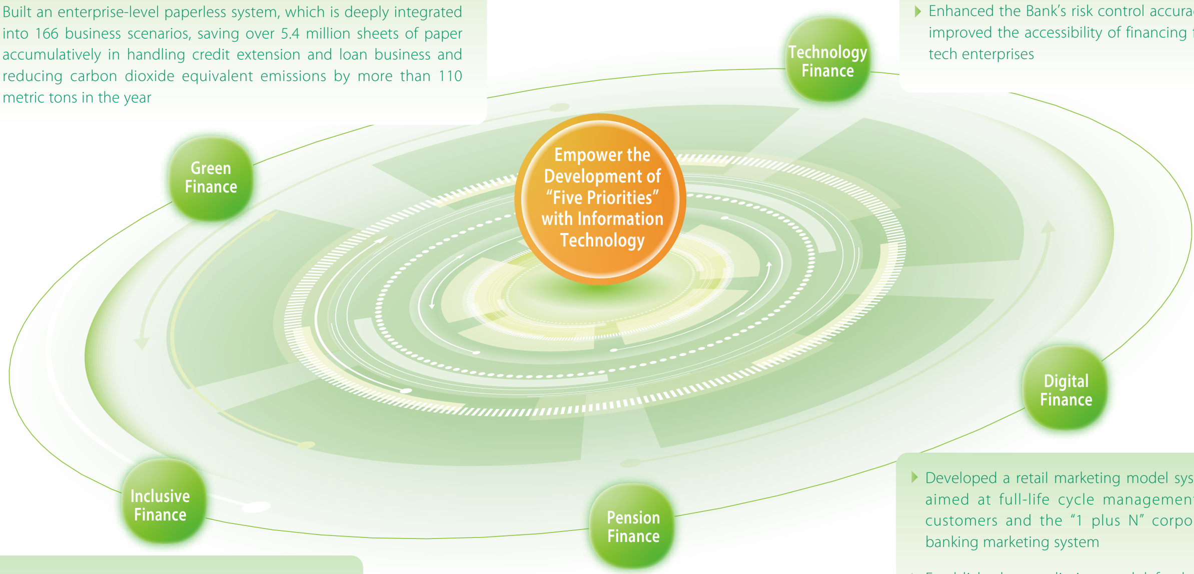
Pension Finance: The Bank launched the personal pension service brand "U Enjoy Future", established a personal pension product and service system featuring "one account, two sections, three calculations, four types of products and multiple privileges and benefits", and introduced featured services such as retirement benefit calculator, pension tax savings calculator, pension simulation calculator, family pension accounts and automatic contributions to create a full-cycle elderly care service ecosystem. Meanwhile, the Bank continuously optimized the elderly-friendly services in online channels, launched login-free transfers in the large-font version of mobile banking, and expanded the scenarios of voice announcement service in functions such as account activity notifications. It also integrated digital avatar and artificial intelligence technology to offer 24/7 accessible financial services, enhancing financial service accessibility and customer satisfaction.

Financial Technology

Digital Finance: The Bank launched Mobile Banking 10.0 and a HarmonyOS version of the mobile banking app, which incorporates new features such as annual statements, digital employee and metaverse business hall. The Bank developed a retail marketing model system aimed at full-life cycle management of customers, which generated extensive customer lists for peak season marketing, identification of potential customers of rural revitalization-related businesses, and personalized customer outreach via mobile banking. By leveraging knowledge graph technology, the Bank built an integrated view of corporate industrial chains and supply chains to support the development of the "1 plus N" corporate banking marketing system. The Bank established a predictive model for bank-wide deposit and loan increment to enhance forward-looking management and predictive capabilities and refined its suspicious telemarketing fraud detection model to realize real-time monitoring. It also improved the bank-wide anti-money laundering ("AML") model, which assesses the degree of suspicion in cases, prioritizes high-risk cases for focused investigations, and reduces manual screening costs.

- Built an environmental information database and enhanced credit extension management efficiency
- Built an enterprise-level paperless system, which is deeply integrated into 166 business scenarios, saving over 5.4 million sheets of paper accumulatively in handling credit extension and loan business and reducing carbon dioxide equivalent emissions by more than 110 metric tons in the year

- Established a capability assessment system for sci-tech enterprises
- Enhanced the Bank's risk control accuracy and improved the accessibility of financing for sci-tech enterprises



- Developed a retail marketing model system aimed at full-life cycle management of customers and the "1 plus N" corporate banking marketing system
- Established a predictive model for bank-wide deposit and loan increment, refined bank-wide suspicious telemarketing fraud detection model, and improved the bank-wide AML model to enhance risk prevention and control efficiency

- Conducted real-time online intelligent risk assessments and met the needs of MSEs for obtaining credit lines and completing bill discounting without leaving their premises, with the processing time shortening from 2-3 days to the fastest T + 0
- The open service platform has enabled more than 2,000 application scenarios, with a monthly average transaction volume of approximately RMB2.4 billion

- Launched the personal pension service brand "U Enjoy Future"
- Continuously optimized the elderly-friendly services in online channels

Column

Focusing on "Assetization": Continuously Unlocking the Value of Data Elements

The Bank actively explored innovations in business models and made breakthroughs in proactive credit extension and rural revitalization business models driven by pan-domain data assets, providing financial services to over 670 million personal customers and advancing the high-quality development of inclusive finance. This innovative practice was awarded the First Prize of FinTech Development Award by the People's Bank of China.

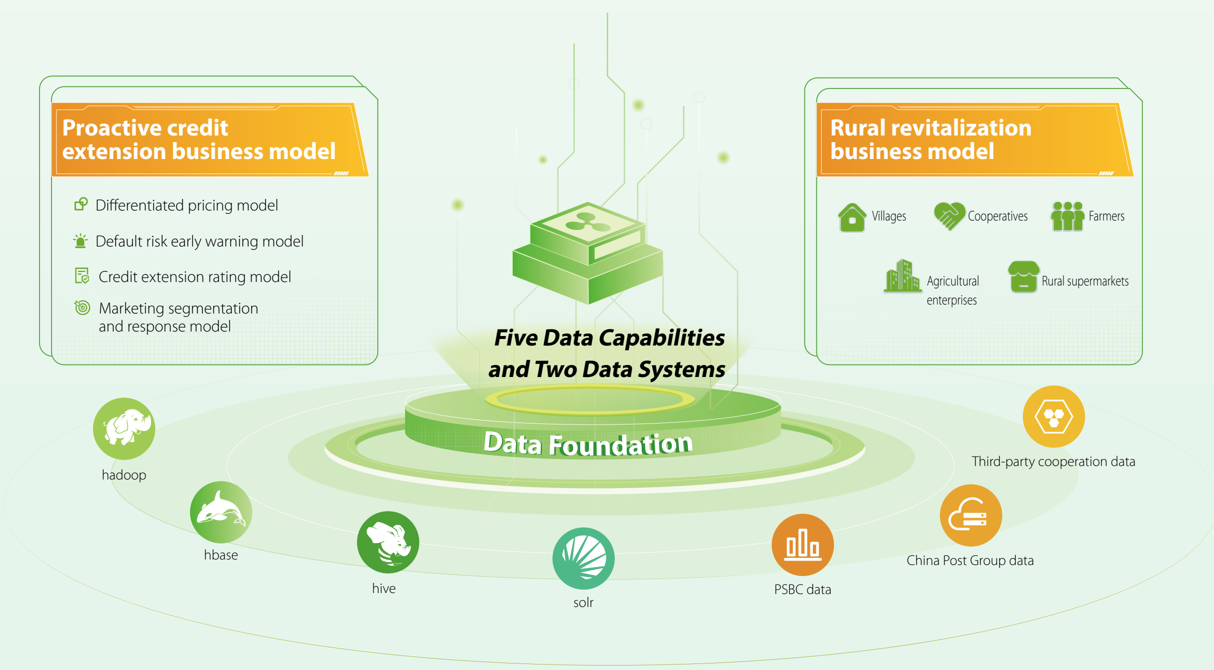
Firstly, regarding the data foundation, the Bank built a self-developed, domestically-produced big data platform based on an open-source system and with independent and controllable core technologies so as to ensure financial security and maintain development initiative. Currently, this platform supports over 100,000 batches of operations and hundreds of streaming scenarios and is at the forefront of the industry in China.

Secondly, regarding data management, to amplify the multiplier effect of data elements, the Bank established a "three-in-one" framework integrating technology, data and applications. The framework consists of one big data technology platform as the technological foundation, two major data systems (the data governance and security system and the data assets and service system), and five core data capabilities (data collection and storage, data processing and handling, data analysis and mining, data services and applications, and data visualization and interaction). It has formed a pan-domain data asset management and service system to generate new momentum for business development.

Thirdly, regarding data integration, the Bank fully leveraged the resources of China Post Group and itself. Capitalizing on China Post Group's "four-in-one" unique resource advantages in integrating flows of business, goods, funds and information, the Bank strengthened its advantages in channels, information and ecosystem, focused on five key customer segments – villages, cooperatives, farmers, agricultural enterprises and rural supermarkets, and made innovations in featured service models such as the development of creditworthy villages and specialty industries. These initiatives aim to resolve financing, sales and logistics challenges in rural areas and develop the Bank into a main force in serving rural revitalization.

Fourthly, regarding data empowerment, by leveraging its extensive customer base and through proactive credit extension, the Bank realized a new retail credit development model with low-cost customer acquisition and risks under control. By utilizing customer profiling, the Bank precisely identified potential credit needs; through centralized operations at the headquarters, it delivered simple and quick customer experiences, effectively meeting differentiated credit needs and promoting financial services for the public good.

Looking ahead, the Bank will continue to uphold the political and people orientation of financial work, remain committed to serving the real economy, and further consolidate the foundation of financial technology. By deepening digital transformation and fostering new quality productive forces, the Bank will continue to contribute to the efforts in developing China into a financial powerhouse at a faster pace.



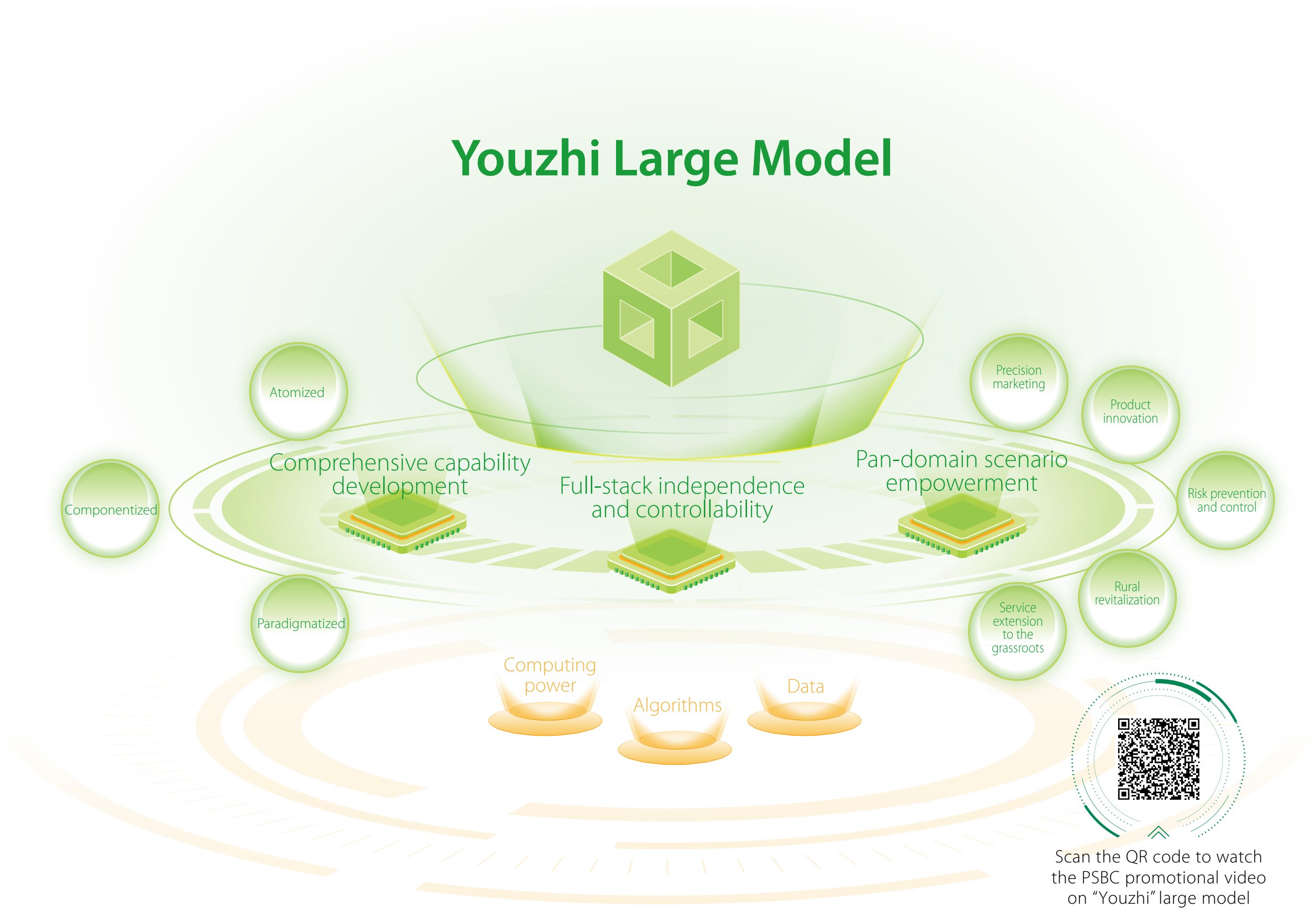
Financial Technology

Continuously Expanding the Application of Financial Technology Innovation

During the reporting period, the Bank launched its independent and controllable large model, "Youzhi", and established a secure and reliable service system that integrates computing power, algorithms, data and scenarios. This model enables intelligent financial services to reach hundreds of millions of customers across vast urban and rural areas, empowering the Bank to fully open a new chapter in digital finance.

With three key features, namely comprehensive capability development, full-stack independence and controllability, and pan-domain scenario empowerment, the "Youzhi" large model has a flexible and efficient architectural framework. The model delivers AI services in atomized, componentized and paradigmatized forms and enables block-like rapid deployment of scenario-based applications. From underlying computing power, data and model algorithms to the development of top-layer application scenarios, the entire model is independent and controllable. The Bank was recognized as a leading demonstration institution in generative AI security assessment of financial applications. The model empowers business innovation across all scenarios through a four-dimensional approach and aims to provide customers with better financial services driven by business scenarios.

The Bank leveraged the intelligent PSBC Assistant to empower marketing, operations, risk control, office work and other processes, so as to achieve information aggregation, graphical visualization, content traceability, diverse linguistic styles and strategic recommendations. This innovation reduced transaction processing time by approximately 20%, and enabled over 3,000 queries per day on average. As at the end of the reporting period, the Bank had processed over 700,000 business inquiries via the PSBC Assistant. Through the AI Credit Report Assistant, the Bank redesigned the credit report drafting process, increasing the pre-loan due diligence report generation rate to over 40%. The "PSBC Little Helper" robot for money market transactions has realized online intelligent inquiry and response for money market transactions. It processed inquiries from approximately 300 institutions, with a total inquiry amount exceeding RMB1.5 trillion. The robot reduced the average inquiry time per transaction to only 22 seconds, approximately 94% shorter than the manual inquiry time. The intelligent assistant, integrated with remote cloud tellers, carries out real-time monitoring and supervision and develops a new mechanism of man-machine collaboration, driving a 40% increase in both call connection rates and business authorization rates. Robotic Process Automation ("RPA") has been deployed across all levels of the Bank, with over 2,000 procedure robots and 3,000 automated workflows in operation. It executed over 6 million tasks, which doubled year-over-year, saved over one million work hours and significantly improved efficiency and reduced costs. With the end-to-end AI R&D testing assistant empowered by large models, the Bank assisted over 5,000 developers in generating more than 1.1 million lines of intelligent code, with an adoption rate of approximately 20%. The line coverage rate of unit testing reached approximately 60%-80%, while the adoption rate of test products generated by the pilot system empowered by the intelligent assistant stood at approximately 31%.



Scan the QR code to watch the PSBC promotional video on "Youzhi" large model

Accelerating the Formation of New Quality Productive Forces

The Bank further advanced the implementation of its "14th Five-Year" IT Plan and actively conducted mid-term assessments to enhance the quality and efficiency of the plan implementation, so as to provide strong technological support for digital transformation and high-quality development, and steadily evolve from technology-enabled to technology-driven and ultimately to technology-led development.

Financial Technology

Column

Focusing on "High Quality": Comprehensively Upgrading Core Systems

In recent years, the Bank has accelerated its efforts to achieve sci-tech self-reliance and self-strengthening. By pooling wisdom and strength and overcoming challenges, the Bank has successfully upgraded its three core systems, marking a leap forward in its financial technology capabilities and providing strong support for the high-quality development of its business and operations.

Since the launch of the new-generation personal banking core system, operations have remained stable and efficient, with peak transaction processing capacity reaching 67 thousand transactions per second. The system was awarded the First Prize of FinTech Development Award by the People's Bank of China with the highest score in the competition.

Leveraging the technology foundation and distributed architecture of the new-generation personal banking core system and based on domestically produced servers and operating systems, the new-generation corporate banking core system went into operation with full functions on January 27, 2024. By October 2024, the full migration of corporate customers was completed and the full operation was realized, with overall system efficiency rising over tenfold compared to that of the previous system. Additionally, the new-generation credit card core system was fully launched on December 5, 2024, achieving a 100% one-off migration of all customers with seamless switch.

The Bank's new-generation credit card core system redefines the logic and life cycle of the credit card business. Its new architecture enables a transaction-level account system, scenario-based transaction authorization, a flexible and scalable credit limit system and a multi-tier, multidimensional pricing system. The system provides customers with a high-quality, efficient, and convenient service platform. It improves the Bank's capacity for customer acquisition, installment plans, pricing, operations, risk control, etc. and meets the personalized needs of customers by offering more targeted credit card products and services.

The development of the core systems is not only an upgrading of existing financial services but also a forward-looking move oriented toward the future of financial services. The Bank will continue to drive digital and intelligent transformation, leverage financial technology to empower business development, and create an efficient and interconnected fintech ecosystem, contributing to achieving high-level self-reliance and strength in science and technology, and ensuring the steady and sustained progress of building a strong country in science and technology.

Consolidating the Foundation of Workplace Safety

Establishing a sound cybersecurity management system. The Bank advanced the implementation of its "14th Five-Year" Plan for cybersecurity, achieved seamless bank-wide integration of threat detection, analysis and incident response, and established a collaborative defense model combining business and technology expertise. The Bank intensified efforts to develop security technology platforms and promote their applications to enhance cyber defense capabilities. It also refined an integrated and centralized cybersecurity operations system covering both peacetime and emergency security, conducted cybersecurity grade protection assessments, and advanced terminal security reinforcements to further consolidate its cybersecurity foundation.

Strengthening data security governance. The Bank established a clear data security accountability system, continuously improved its data security policy system, implemented comprehensive data classification and grading, strengthened data security technical defense capabilities, and kept optimizing its data security governance framework. Data security risk assessments and emergency response drills for data security incidents covering the Head Office and 36 branches were conducted, continuously improving the Bank's data security risk prevention and control capacity, enhancing its ability to handle real situations, and providing strong support for high-quality business development across the Bank.

Enhancing R&D security control effectiveness. The Bank demonstrated outstanding performance in national cybersecurity exercises and earned multiple awards in the "WangDing Cup" network security competition. It regularly conducted red blue confrontation exercises to promote defense through attack. Moreover, all of its critical information infrastructure systems successfully passed commercial cryptography application security assessments, making the Bank an industry leader in meeting encryption assessment standards. The Bank has joined the People's Bank of China Financial Cybersecurity Laboratory, advancing large model applications in R&D security and providing robust support and impetus for exploring frontier technology to ensure the secure and stable development of the financial industry.

Advancing intelligent IT operations and maintenance ("O&M"). The Bank further improved its highly efficient, scalable and comprehensive O&M system integrating monitoring, management and control functions. It launched a unified monitoring system, an integrated O&M platform, and a new core O&M control platform and accelerated research and application of large models and RPA in IT operations.

Strengthening capabilities of infrastructure foundation. The Bank continued to reinforce its cloud platform foundation. Following the "one cloud, multi-chip, cloud-native foundation" development philosophy and based on a digital-native engine, the Bank kept advancing the integration of cloud-native and foundational cloud platforms. The Bank intensified pre-research and pilot tests and implemented and applied the capabilities of cloud-native governance platforms, cloud-native marketplaces and service grids. The Bank continuously advanced the development of network capabilities, achieved significant optimization of the network of the Bank, formulated the plan on the new-generation network, and kept enhancing network intelligence and service capabilities. It upgraded backbone networks, interprovincial networks and data center local area networks, improving the overall efficiency of its network architecture. Additionally, the Bank explored a large model for network O&M with characteristics unique to PSBC, advanced network operation capabilities and enhanced network automation.

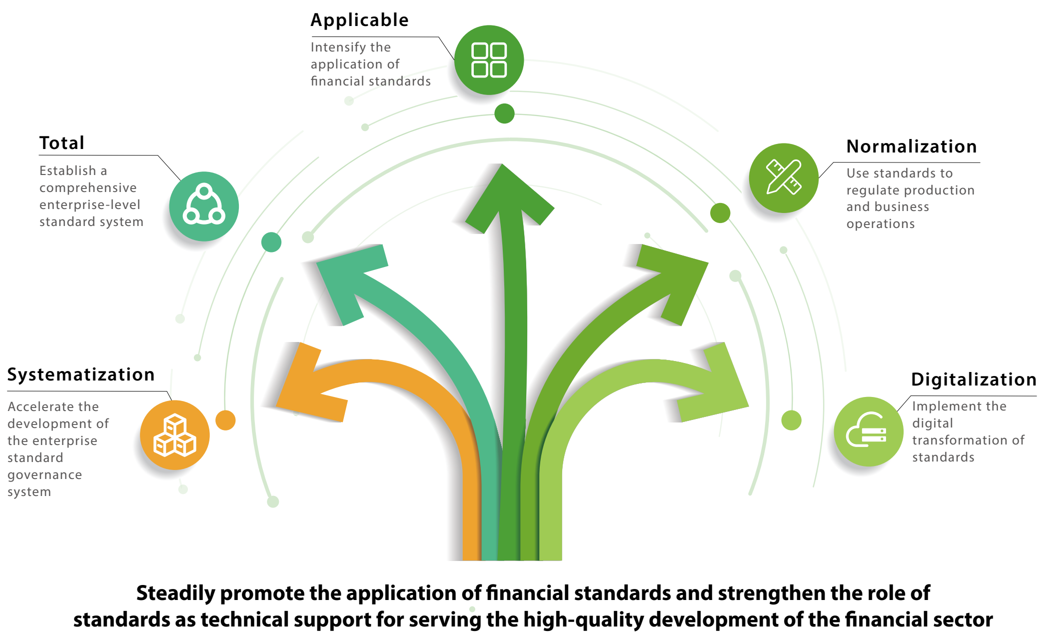
Continuously enhancing business continuity. The Bank strengthened disaster recovery capabilities for information systems and conducted real-world emergency response and disaster recovery drills. During the reporting period, the Bank's information systems maintained safe and stable operations, with a 100% service availability rate for important information systems, ensuring high levels of business continuity.

Financial Technology

Pursuing Sci-tech Self-reliance and Self-strengthening

The Bank released 125 technology middle office components and continuously refined its "tools + development framework + component service"-based middle office R&D model to enhance development efficiency. It established over 330 reusable business middle office capabilities, agilely responded to business needs and supported innovation in six major business scenarios, i.e., marketing, credit, wealth management, ecosystem collaboration, operations and finance. The Bank improved the enterprise-level data service capability center. The data middle office aims to open up capabilities, providing greater support for big data queries with high concurrency and combined query and computation features. It provides 1,842 data services and 376 data service APIs (Application Programming Interfaces), with daily peak access reaching approximately 40 million times. These services support multiple scenarios including marketing management, risk monitoring, and optimization and enhancement of operations.

The Bank took an active part in standardization efforts, leveraged the leading role of standardization, and unlocked the effectiveness and value of financial standards. During the reporting period, the Bank developed the "STAND" (Systematization, Total, Applicable, Normalization and Digitalization) enterprise standardization development strategy and established a multi-layered, multi-dimensional and scalable enterprise standard system. This system consists of four primary sub-systems (general foundations, products and services, management and information technology) and 35 secondary sub-systems, covering a total of 138 enterprise standards, including standards on data governance, infrastructure construction, software development, business modeling, customer experience and risk prevention.



"STAND" Enterprise Standardization Blueprint

Enhancing Data Insights

The Bank continuously promoted the construction of real-time data warehouse. It focused on four key real-time scenarios, namely risk prevention and control, precision marketing, real-time dashboards and performance management. It launched a total of 67 models, with a primary focus on during-incident anti-fraud models to effectively enhance the accuracy of fraud prevention and control.

The Bank developed a new-generation data governance system with large model technology. In standards application and review scenarios, the Bank used large models to enable intelligent recommendations, auto-completion and automated review of data standards, achieving an accuracy rate of over 80%, while reducing review time from minutes to seconds per entry. In enterprise-level data dictionary similarity detection and derivation analysis, it reduced manual workload by over 90% for existing similarity analysis, with a derivation identification accuracy rate exceeding 80%. In data security classification and grading, the Bank independently developed an algorithm model for data security classification and grading, achieving approximately 85% classification accuracy and 95% grading accuracy. These initiatives were recognized as 2024 exemplary cases by the "Jinxintong" Award and the "Big Data Galaxy" Award, establishing a new digital intelligence brand with PSBC characteristics.

Building a Versatile Workforce

The Bank restructured and upgraded its governance framework. It restructured its technical workforce and strengthened centralized management and cross-departmental coordination while steadily expanding its workforce. The IT headcount at the Head Office increased to 5,440, while the headcount across the Bank exceeded 7,200.

The Bank continuously enhanced the professional expertise of its IT team. By leveraging a job competency model, the Bank precisely identified specialized technical talent. A tiered employee performance assessment system was introduced to motivate new momentum for starting new endeavors. The "Sharp • Light • Star" talent training system was fully implemented to consolidate the foundation for technology talent development.

The Bank strengthened the development of a versatile workforce. The Bank strengthened its well-conceived talent development system, established a comprehensive mechanism for selecting, training, engaging and evaluating project managers, and optimized role-matching mechanism. The Bank further enhanced its BA (Technology Product Manager) team and developed an agile team consisting of versatile professionals proficient in technology, business operations and user experience. Additionally, the Bank continued to enhance the development and institutional reform of the Customer Service Engineer team, ensuring early-stage technical involvement, deeper customer insights, and comprehensive upgrading of a financial service model.

Financial Technology

Column

Focusing on "Professionalism": Incubating the Future Through Technology-Focused Skill Competitions

The Bank continued to promote excellence in the technology sector and launched technology-focused skill competitions to unleash the creativity of technical personnel and to foster a culture of scientific and technological innovation, which generated a number of scalable, replicable and high-value application results.

The Bank has hosted data modeling competition for five consecutive years since 2020, attracting nearly 2,000 teams and over 10,000 participants from nearly 100 units within the postal finance system, including both the headquarters and branches. The competition has yielded more than 360 high-quality cases in serving rural revitalization and financial risk prevention and control, integrating digital elements into financial services and reshaping business growth models through data-driven insights. During the reporting period, the Fifth Data Modeling and Innovation Application Competition further integrated technology resources and established a closed-loop system for analytics, modeling, technology application, and business practice. The event attracted over 3,500 participants, increasing by nearly 700% compared to the inaugural competition and set a new record in terms of the number of participants. The data application outcomes have been widely adopted in corporate management and business operations. They addressed real-world challenges, created business value, and transformed into shared data assets across the Bank, thereby providing new momentum for corporate development and unlocking the value of data elements.

Scan the QR code for details of the Fifth Data Modeling Competition of the Bank

During the reporting period, the Bank launched its first "IT Rising Star Championship" and the high-profile "Starlight in Motion, Leading the Future" O&M Collaboration and Network Skills Competition. The "IT Rising Star Championship" established standards across 27 professional fields, including Java development, functional testing and Web front-end engineering and refined five competition tracks, namely R&D, testing, data & security, product and technology management. Through refined, diversified and professional competition tracks, the championship enabled precise identification of both specialized technical talent and interdisciplinary professionals. The "O&M Collaboration and Network Skills Competition" is aimed at guiding O&M professionals to closely follow technology trends, seamlessly integrating cutting-edge technologies into daily O&M practices, enhancing O&M team's capabilities to address challenges efficiently, and significantly improving the expertise and management skills of the Bank's O&M professionals.

These competitions served as a platform for employees to showcase their technical expertise and wisdom and facilitated the reuse and resource sharing of participating projects to address real-world problems in business development and management. By leveraging engineering projects, innovative applications, training drills and skill competitions, the Bank comprehensively cultivated talent and implemented refined talent management practices, enhanced the capabilities of technology teams across the Head Office and branches at a faster pace, and mobilized the enthusiasm and creativity of its technological workforce, ensuring that talent remains the primary resource driving development.

Scan the QR code for details of the First Operation and Maintenance Competition of the Bank

Internet Finance

The number of monthly active users (MAUs) of mobile banking exceeded 81 million.

The Bank launched Mobile Banking 10.0, ranking first among peers in terms of user experience for two consecutive years.

The number of users of the Credit Card App exceeded 32 million, up by 32.01% from the prior year-end.

The Bank ranked first among peers in corporate online banking user experience evaluation, winning the "Annual Excellence Award for Corporate Online Banking".

The Bank launched Corporate Mobile Banking 3.0, ranking first among peers in the comprehensive evaluation.

The Bank innovated an internet finance development model featuring "front-end platform ecology + mid-end digital operation + back-end technology intelligence", and promoted the development of the Bank's digital finance by taking the strengthening of support, capacity enhancement and ecology development as the main tasks.

Enhancing the Intelligence of Core Digital Platforms

Personal Electronic Banking

Mobile Banking

The Bank launched Mobile Banking 10.0 and explored deep integration of intelligent technology and financial services. By continuously innovating financial service models, the Bank refined its mobile banking financial butler services with five key features in the spirit of craftsmanship. **First**, more **useful** and convenient services. The Bank upgraded personalized recommendation strategies for wealth management and loan segments to enable financial service recommendations based on customers' demand. It introduced a "family account" feature that allows customers to check balances and transaction details of linked family accounts. **Second**, more **effective** dedicated services. The Bank was the first in the industry to launch the features of "my financial timeline" and "my financial profile" to provide AI-generated financial profiles for customers. It expanded its multilingual service, launched a HarmonyOS version of the mobile banking app, and put in place an English version and Tibetan language services. It also upgraded the annual statements feature to deliver intelligent financial footprint analysis. **Third**, more **caring** intelligent services. The Bank developed a companion digital employee to provide voice-activated financial services without searching. **Fourth**, more **engaging** creative services. A metaverse business hall and a personalized metaverse home were built to extend financial services from 2D to immersive 3D environments. **Fifth**, more secure and **reliable** services. The Bank rolled out cross-services-authorized facial recognition to reduce verification frequency of facial recognition and improve customer experience provided that safety is ensured. It also upgraded its intelligent risk control system, by comprehensively using authentication methods and transaction strategies such as NFC-based ID reading, local number authentication, intelligent outbound calls and delayed transfer to enhance customer identity verification, and committed itself to building a seamless risk control capability.

Internet Finance

According to the 2024 China Digital Banking Survey Report released by China Financial Certification Authority, the Bank's mobile banking ranked first among peers in terms of user experience and service guarantee, with user experience ranking first among peers for two consecutive years.

As at the end of the reporting period, the number of mobile banking users totaled 378 million. During the reporting period, the MAU[1] reached 81.84 million, a year-on-year increase of 18.07%. Transaction amount stood at RMB17.80 trillion, a year-on-year increase of 11.21%.

A Case for Learning More

The Bank provides Tibetan language and barrier free mobile banking services to address the digital divide faced by ethnic minority and rural customers due to rapid digitalization and language barriers. This initiative is aimed at meeting the most basic financial service needs of customers, and serving the public and promoting social harmony with financial services. Leveraging its multilingual service platform and considering unique needs of Xizang and Xizang customers' preferences, the Bank integrates Tibetan language support into mobile banking interfaces, including home, credit cards, wealth management and local services. This initiative reflects the political, people-oriented and professional nature of its financial services. By optimizing the mobile banking experience for Tibetan language-speaking users, the Bank aims to enhance financial accessibility, improve investor education, and provide better services to Xizang customers.

Enterprise WeChat

The Bank carried out all-round promotion of Enterprise WeChat, focused on customer service, and took Enterprise WeChat a key "human + platform" connector, to provide customers with more caring services. The Bank rolled out a number of marketing-enabling applications on Enterprise WeChat, such as product library, material library, poster library, knowledge library, data cockpit, to help employees serve customers efficiently. The Bank also improved the customer labeling system and synthesized multi-dimensional data such as customers' basic information, preferences and habits, to create more accurate customer portraits, develop personalized operation plans and accurately reach customers.

Credit Card App

The Bank launched a new version of the PSBC Credit Card App, advanced the digital transformation of online credit card services, and reinforced the role of innovation in leading business development. The app has been completely optimized to improve customer experience with over 200 new and enhanced features, upgrading user interaction, products and services, life scenarios and brand image, etc. The Bank innovated service models. It introduced an integrated, companion-style customer journey experience, allowing new customers to complete the entire process from card application, activation and quick payment setup to their first transaction at one stop. The Bank enhanced financial accessibility for elderly users with innovative services. It designed a large-font beginner's guide and a credit card app user guide, along with a dedicated "financial tips" educational section, providing more personalized and caring services. The Bank innovated the interactive experience. It explored convenient and engaging user interactions, expanded the customer service reach, and added new desktop widgets and other unique features. Additionally, the Bank innovated its scenario ecosystem, offering a broader range of vertical life scenarios while continuously developing the "PSBC Green Card, Save as You Shop" consumption brand. The reward points section was fully upgraded based on customer feedback, with an optimized reward points page to provide a wider and better selection of products.

As at the end of the reporting period, PSBC Credit Card App had a total of 32,116.3 thousand users, up by 32.01% from the prior year-end; the accumulative number of credit cards linked to the app reached 40,199.4 thousand, up by 38.71% from the prior year-end.

Remote Banking

The Bank continued to enhance remote banking services through digital intelligence and further applied digital intelligence technology including big data, AI, large models and audio-video technologies. The Bank refined its "human + AI" service and accompany model and provided comprehensive remote banking solutions anytime, anywhere via digital employees, video customer service, intelligent customer service, the 95580 hotline, etc. The Bank also enriched the remote service ecosystem, broadened service scenarios and business coverage, and optimized customer interaction experience. The Bank launched sign language digital customer service, enabling hearing-impaired

1 The statistical standard for the monthly active users of mobile banking is the customers who have opened the mobile banking app.

customers to better understand and complete transactions. Additionally, it introduced a dedicated customer service WeChat official account and video channel and strengthened live-streaming operations to build a new media service matrix. Through a series of intelligent digital service models, the Bank continuously enhanced the convenience and interactive experience of customer service. Remote banking services remained stable, with an answer success rate of over 92% for manual responses.

Credit Card Customer Service Hotline

The Bank enhanced its credit card hotline service through developing digital intelligence. It upgraded the service hall, online customer service and digital employee service scenarios and progressively deployed intelligent robots and video-based transaction processing to establish a new smart service model. A total of 3.91 million interactions were handled through its 24/7 digital and intelligent services. Additionally, the Bank completed the localization and microservice transformation of its intelligent customer service system, achieving a full transition to domestic technology. The Bank optimized the end-to-end customer journey, enhancing experiences at touchpoints such as card application and activation, transaction payments, value-added benefits, bill payments, revolving installments and round-the-clock services. Customer satisfaction saw steady improvement. During the reporting period, the answer success rate by manual response was over 96% and customer satisfaction with manual service was 99.77%. The hotline operation was steady and stable.

Corporate Electronic Banking

The 2024 China Digital Banking Survey Report released by China Financial Certification Authority showed that, among the total of 18 national commercial banks and 86 regional banks participating in the evaluation, the Bank ranked first in the comprehensive evaluation of corporate mobile banking and first in the evaluation of corporate online banking user experience and won the "Annual Excellence Award for Corporate Online Banking".

Corporate Online Banking

The Bank was committed to optimizing the corporate online banking experience and refined high-frequency transaction scenarios of corporate online banking in craftsmanship spirit. It enhanced system performance, implemented localized upgrades, and extended the information query period to allow customers to access transaction records from the past ten years. It introduced innovative process designs, adding services such as a homepage menu map, an automatic caching mechanism for large-amount cross-bank transfers and intelligent fund transfer input to meet customers' diverse payment needs. It improved user interaction and introduced innovative service models, including digital employees and shared-screen service to efficiently address customer inquiries. Additionally, the Bank established a corporate online benefit center and introduced bank-wide corporate online benefit programs to support customer marketing and business expansion. As at the end of the reporting period, the number of registered corporate online banking customers had increased by 19.45% from the prior year-end.

Corporate Mobile Banking

The Bank focused on upgrading diverse services and launched Corporate Mobile Banking 3.0. It introduced a "second-floor space" to create a streamlined service hall that provides an immersive, round-the-clock "digital space + digital customer service" experience. The Bank enriched the mobile banking platform with an expanded product shelf, enabled fully digitalized procedures for corporate wealth management and electronic bill processing, and upgraded the cross-border financial module to integrate foreign exchange settlement, sales and inquiries seamlessly. In addition, the Bank reshaped comprehensive services, offering direct access to popular functions such as corporate management, business cards, invoice verification and loan financing. As at the end of the reporting period, corporate mobile banking had 936 thousand registered customers.

Internet Finance

Enhancing the Capacity for Refined Online Operations

The Bank improved the quality and efficiency of digital and intelligent operations. Structuring its strategies around the customer life cycle, focusing on four key stages, namely new customer acquisition, growth, maturity and turnover, and targeting four key goals, namely next-month retention, continuous engagement, value conversion and dormant user reactivation, the Bank implemented continuous, intensive and large-scale operations through mobile banking, SMS and Enterprise WeChat to build a comprehensive, matrix-based operational system. Centered on customer education, engagement, service and growth, the Bank refined operations for customer segments involving wealth management, payroll services, credit cards and quick payments, enhancing both customer activity and financial asset growth.

The Bank was committed to building a robust online operations system. It developed a centralized marketing strategy hub based on the customer life cycle, developed online and offline integrated operations system, strengthened platform support capabilities, and ensured flexible marketing plan configurations, dynamic connections to operational activities, effective data integration and optimal resource reuse. It established a marketing flow that covers indicator setting, customer segmentation, strategy formulation, customer engagement, execution monitoring, and performance evaluation and offered enterprise-level middle-office service capability, supporting intelligent, refined and intensive operations of retail customers.

The Bank actively enriched customer payment channels. In September 2024, the Bank's mobile banking connected with UnionPay MobileWallet Connect, an online payment platform, broadening digital payment options and meeting the diverse payment needs of customers. Based on the platform, the Bank partnered with China UnionPay and launched the "Splendid PSBC" campaign to benefit customers, providing full-chain services for government-issued consumption vouchers in several regions to boost consumer spending and support local economic development.

The Bank comprehensively enhanced digital risk control capabilities. It strengthened anti-fraud efforts for mobile banking and other electronic channels. By leveraging the intelligent risk control system and rule-based models, it improved monitoring over "non-account holders" transaction risks on electronic channels and reinforced its responsibility to identify and protect potential telecommunications fraud victims. It innovated identity verification methods, introducing NFC-based ID reading and verification, developing the function of intelligent outbound fraud verification calls, and expanding video-based identity verification scenarios. Furthermore, the Bank updated electronic banking privacy policies in a timely manner, adding voice data collection clauses to better protect the legitimate rights and interests of customers.

Advancing the Systematic Development of the Scenario-Based Ecosystem

The Bank continued to deepen its "platform + finance + scenario" open banking service ecosystem. Leveraging the "i-Open" open banking service platform, it not only delivers standardized service capabilities but also provides industry-specific solutions for smart campuses, smart cafeterias, smart parks, smart leasing, smart parking and real estate fund supervision, creating a one-stop smart scenario matrix. To serve rural revitalization and empower industrial ecosystem, the Bank developed its first cloud service scenario, "Agri-Assist Cloud", which focuses on industrial chain settlements, helping customers accumulate credit data through scenario-based settlement. As at the end of the reporting period, the Bank had integrated over 2,300 application scenarios, with an average monthly transaction volume exceeding 100 million.

Column

Actively Implementing Policy Requirements and Accelerating the Development of Innovative E-CNY Scenarios

The Bank has thoroughly implemented the requirements of the Third Plenary Session of the 20th CPC Central Committee, which call for the steady advancement of e-CNY research and application. It has accelerated the promotion and adoption of e-CNY and completed all central bank-assigned R&D tasks with high quality. With a customer-centric approach, it has continuously enhanced e-CNY product and service capabilities while further expanding scenario-based applications. In addition to developing widely accessible payment scenarios, it has fully leveraged the advantages of e-CNY to accelerate the deployment of innovative scenarios, contributing to the development of digital finance. As at the end of the reporting period, the Bank's e-CNY personal wallet customer base – registered via the e-CNY App – ranked first among all operating institutions.

Expanding the Application of Smart Contract at a Faster Pace

The Bank had 551 prepaid merchants in the "Secured Pay" on the e-CNY App, maintaining a leading position in the industry. It actively collaborated with regional prepaid fund supervision platforms, laying the foundation for an industry-wide, large-scale smart contract-based prepaid ecosystem.

Since the launch of smart contract-based prepaid services, the Bank has developed efficient merchant connection capabilities, broad industry adaptability and mature merchant operation capacities. Currently, it is working with multiple prepaid management platforms, including Qingdao's "ZhiJinWeiShi", to protect the rights and interests of consumers through e-CNY smart contracts. For example, in July 2024, a fitness brand registered on the "ZhiJinWeiShi" platform unexpectedly ceased operations. In response, PSBC Qingdao Branch, in collaboration with the platform, conducted an on-site verification and confirmed that the merchant could no longer fulfill its obligations. The smart contract was then automatically triggered, refunding all unspent prepaid funds directly to each consumer's personal wallet. This approach helps eliminate risks associated with fund misappropriation or non-refundable balances under traditional models, allowing consumers to truly experience the convenience and security of e-CNY payments.

Expanding E-CNY Coverage in Government Service Scenarios

The Bank has implemented e-CNY housing provident payments in Jiangsu and Sichuan and enabled its use in local fiscal payment services in Hainan and Guangdong.

Supporting the Development of Scenarios for Rural Revitalization

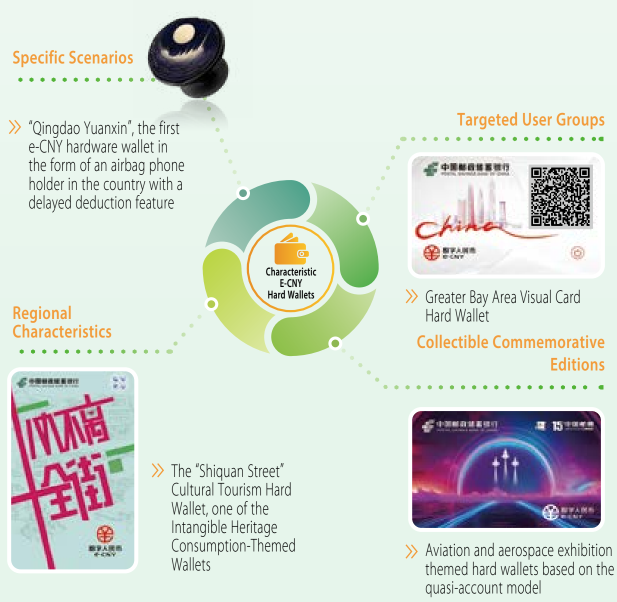
In line with the rural revitalization strategy, the Bank has integrated e-CNY into the agricultural and rural production chain as well as high-frequency consumption sectors, such as daily consumption and agricultural supply purchases, and embedded it in payment settlements, agricultural loans and agro-related insurance services, to establish a closed-loop e-CNY application scenario.

Issuing Characteristic E-CNY Hard Wallets

This year, the Bank actively issued various characteristic e-CNY hard wallets with four key themes, namely specific scenarios, targeted user groups, regional characteristics and collectible commemorative editions. These offerings enhance financial inclusion by catering to elderly customers and foreign visitors for payment and collection.

Exploring the Application of E-CNY in Cross-Border Payment

The Bank actively explores the application of the m-CBDC Bridge in cross-border payments. Through the digital currency bridge, it provides efficient, direct, and agent-free cross-border payment and settlement services that enable real-time fund transfers across the bridge, offering an innovative blockchain-based payment channel for cross-border business. Additionally, it has launched e-CNY foreign exchange services via the mobile banking platform, allowing users to exchange e-CNY into seven foreign currencies, including USD, EUR and HKD, further enhancing payment convenience for customers.



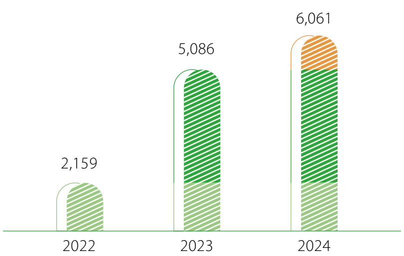
Outlet Development

The Bank has completed image upgrades for over **6,000** outlets, with featured sub-branches expanding across multiple locations.

The Bank has enabled foreign card functionality across **66,000** traditional cash self-service machines.

The Bank has established **7,040** "PSBC Care Stations" to provide public welfare and community services.

Accumulated number of outlets renovated



The extensive outlet network across urban and rural areas is an important strategic resource and core advantage of the Bank and serves as a vital gateway for the Bank to support the real economy and public welfare. The Bank continued to strengthen outlet development, enhance outlets' brand image, accelerate outlets' operational transformation, and improve service quality and customer experience.

Optimizing Outlet Network Layout and Enhancing Brand Image

The Bank continued to optimize the outlet network layout and enhance brand image. As at the end of the reporting period, it had 39,224 outlets. To improve service quality and efficiency, it relocated and removed densely distributed outlets with limited growth potential, completing optimization adjustments of 70 outlets. The Bank established seven new outlets in key counties supported by the state for rural revitalization and regions in Xinjiang and Xizang that are managed with reference to key counties receiving assistance. It opened 40 new outlets in economic development zones, high-tech industrial parks, and the top 1,000 robust towns to better align outlet resources with regional financial service demands. The Bank continued to upgrade outlet image. Since 2022, it has completed image upgrades for over 6,000 outlets and developed 148 flagship brand outlets as model outlets with a new, modernized look.

Transforming Outlet Operations

The Bank accelerated technology empowerment and intensive operations and vigorously promoted the "Cloud Counter" service model, which integrates "remote and on-site" services. This initiative helped drive reform of operation organization patterns at outlets and allowed more counter staff to transit to lobby service roles or business marketing positions. At the same time, it enhanced AI-powered capabilities at a faster pace. With the application of Cloud Counter, the Bank innovatively introduced "digital assistant" navigation features in high-frequency, standardized transaction scenarios, advancing intelligent operations through process redesign and system optimization. It successfully integrated 8,958 upgradable self-service machines and 14,492 mobile business development devices into the Cloud Counter model, ensuring maximum deployment across the Bank.

The Bank continued to empower outlet operations with intelligent technology. It accelerated the application of "PSBC Assistant", an AI-powered Q&A tool. At the same time, it continuously enriched the content of the intelligent Q&A knowledge library, strengthened the building of the expert team, and reinforced the operational guidance for counter service staff through the combination of "automated response by robot + human response by expert team". During the reporting period, the AI system provided over 800,000 automated responses and experts handled 17.5 thousand inquiries, with an average human response time of six minutes, promptly and efficiently resolving business issues for outlet employees and significantly enhancing operational service capabilities.

Optimizing Outlet Procedures

The Bank was committed to streamlining procedures. It leveraged the "Lingxi" system to drive the digital transformation of customer experience. It proactively conducted real-time scenario-based customer satisfaction monitoring, quickly and effectively addressed customer feedback on experience, advanced the upgrading and iteration of customer journey, and continuously enhanced customer satisfaction. It redesigned the corporate account opening procedures, enabling the opening of a basic corporate account and product package contract signing within 30 minutes.

Enhancing Outlet Services

The Bank continuously expanded self-service channel functions and scenarios, adding or upgrading over 600 features for self-service machines throughout the year. Its Intelligent Teller Machines (ITMs) support more than 650 government services covering social security, healthcare and housing provident fund transactions, providing convenient access to public services and effectively meeting the government service needs of the people. To enhance financial accessibility for foreign visitors, it has enabled foreign card functionality across 66,000 traditional cash self-service machines, ensuring convenient and efficient cash withdrawal services for foreign visitors. The Bank currently operates 131,816 self-service machines, including 50,548 ITMs, which account for 96.72% of non-cash transaction self-service machines, as well as 71,666 mobile business development terminals.

The Bank also made wholehearted efforts to optimize senior-friendly services across its outlets, providing courtesy seats, courtesy counters and other accessibility facilities while upgrading elderly-adapted functions of counters and self-service equipment. It regularly organized anti-fraud awareness campaigns, offered caring services including priority handling, full-process attention and proactive assistance to senior customers, and developed "Jinhui Sub-branches" as featured outlets specialized in serving the elderly. Additionally, in collaboration with China Post Life Insurance Co., Ltd., it established 3,044 "health stations", enriching healthcare and wellness service ecosystems across the outlets to provide more professional and considerate service experience.

» The Bank developed a "banking + insurance + healthcare" service ecosystem to comprehensively enhance customer experience.

The Bank expanded the service radius of "PSBC Care Stations", making 7,040 "PSBC Care Stations" accessible to the public. It deepened the "PSBC Care Station +" service model and enriched public welfare services such as government and social security services, books and cultural resources, as well as legal aid and public legal education. During the reporting period, the Bank organized over 8,500 themed events, including exam assistance, Dragon Boat Festival celebrations, commemorating the Double Ninth Festival in autumn and activities for respecting teachers and the elderly. These initiatives benefited nearly 3.8 million person-times, including outdoor workers, the elderly and examinees.

To make innovation in offering services, the Bank hosted its first-ever "Chip Journey, Heartfelt Service" customer experience competition. "Chip Journey" emphasizes innovative technology to create a brand-new customer journey, while "Heartfelt Service" underscores genuine care and dedication to delivering caring customer-centric financial services. The competition recognized best practices in customer journey optimization and honored "Service Stars", actively cultivating an excellent service culture.

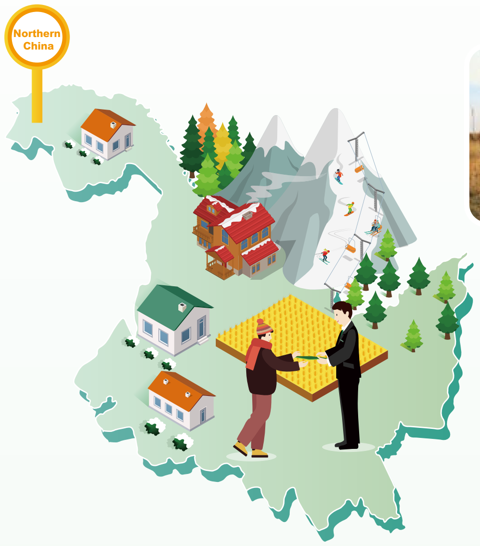
» PSBC Chongqing Yuzhong District Ruitianlu Sub-Branch partnered with the Yuzhong Hualongqiao Sub-district to build the "Hongjinyu-Hualongqiao Financial Grid Station".

» PSBC Binjiang Sub-branch in Ningbo provided financial literacy education services for elderly customers.

Outlet Development

Column Establishing Featured Sub-Branches to Jointly Paint a Blueprint for Sannong Customers

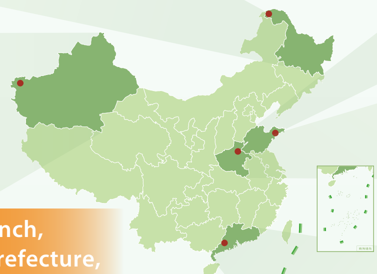
To implement the decisions and plans of the CPC Central Committee on Sannong, the Bank remains dedicated to serving Sannong, urban and rural residents and SMEs. By fully utilizing its advantages of extensive networks reaching deep into local communities and focusing efforts at the grassroots-level branches, the Bank has established a number of featured sub-branches to support rural revitalization and serve the real economy across China, from the eastern oceans to the western grasslands, and from the southern orchards to the northern forests.



Scan the QR code to watch the PSBC thematic video "Staying True to Our Mission in the Northernmost City" featuring Mohe Sub-branch staff

PSBC Mohe Sub-branch, Daxing'anling, Heilongjiang Province

Beihong Village in Mohe City, located in the vast Daxing'anling Mountains, is China's northernmost administrative village. PSBC Mohe Sub-branch offered village-wide credit line extension and targeted financial assistance for eligible villages. It also leveraged financial technology to introduce convenient credit services such as remote loan applications and automated credit approvals, ensuring rapid access to financial services even in the country's most remote northern regions. To support local agricultural development, the sub-branch issued loans totaling RMB135 million.



PSBC Wuqia County Sub-branch, Kizilsu Kirgiz Autonomous Prefecture, Xinjiang Uygur Autonomous Region

Smhana Village of Wuqia County of Xinjiang is located at the westernmost tip of China, near the border between China and Kyrgyzstan, and relies primarily on agriculture and animal husbandry. PSBC Wuqia County Sub-branch is committed to supporting the production of local farmers and herders through financial services. Taking into account the long breeding cycle of cattle and sheep, the sub-branch implemented a policy of "within three years, up to RMB50,000, without guarantee or collateral, and with government subsidies on interest payment", and established a dedicated service team to reach out to the pastoral areas to meet the credit needs of the people lifted out of poverty and help farmers and herders alleviate poverty and achieve prosperity. A total of 5,301 micro loans for poverty alleviation were issued, amounting to RMB199 million, injecting financial resources to help local farmers and herders alleviate poverty and achieve prosperity.

Scan the QR code to watch the PSBC promotional video for Wuqia Sub-branch in Xinjiang

PSBC Rushan Sub-branch, Weihai, Shandong Province

Located at the southeastern tip of the Shandong Peninsula along the 37°N golden coastline, Rushan City is renowned for its Rushan oysters, earning the title of "China's No.1 Oyster City". PSBC Rushan Sub-branch focused on the unique characteristics of the oyster industry and provided targeted support by launching the "Industry Loan" product. This initiative injected new momentum into Rushan's oyster sector, helping cultivate an oyster industry with an annual output value exceeding RMB10 billion. These efforts are aligned with China's national strategies to "strengthen the maritime economy and revitalize through the sea", driving the building of a strong maritime nation. Currently, the sub-branch serves over 180 oyster farmers, with total loans granted reaching RMB278 million. Additionally, it extended RMB120 million in loans to upstream and downstream firms, e-commerce businesses and deep processing enterprises.

Scan the QR code to watch the PSBC food and culture thematic documentary series of the year "Chinese Story: Seafood Feast at 37°N"

PSBC Changyuan Sub-branch, Xinxiang, Henan Province

Located in northeastern part of Henan Province, Changyuan City serves as a key transportation hub and goods distribution center in the Central Plains. On June 22, 2007, PSBC issued its first-ever micro loan in Changyuan as part of a pilot program. The loan recipient, taking advantage of the preferential agricultural policies, used the loan to establish a specialized farmers' cooperative and led thousands of villagers toward shared prosperity. PSBC Changyuan Sub-branch actively supported grain production by promoting its exclusive product "Grain Purchase Loan" to help ensure grain storage. It also prioritized targeted financial assistance to new agricultural business entities such as farmers, agricultural cooperatives and agri-tech enterprises, actively promoted the special service activity of "100 Counties, 1,000 Towns, 10,000 Villages", upgraded financial products, and optimized service quality and efficiency. Cumulatively, the sub-branch issued 8,316 loans totaling RMB1,732 million.

Scan the QR code to watch the PSBC documentary series "PSBC Memories: The Central Plains"

Scan the QR code to watch the PSBC promotional video "Golden Fruit on Green Trees" on Guangdong Branch's support for local specialty industries

PSBC Gaozhou Sub-branch, Maoming, Guangdong Province

Chuliang Village, located in Fenjie Town, Gaozhou City, Maoming City, Guangdong Province in the southern part of China, is known as the "Hometown of China's Premium Longan", with the saying, "the best Gaozhou longans come from Chuliang, and Gaozhou longans are the finest in the world." To meet the diverse financing needs of different entities across the longan industry chain, PSBC Gaozhou Sub-branch introduced products such as "South Medicine Industry Loans", "Agricultural Guarantee Loan" and "Speedy Loans", providing comprehensive credit support across the entire industry chain – from agricultural supply distribution, planting and procurement to packaging, sales and logistics. These efforts effectively alleviated difficulties faced by small and medium-sized fruit farmers in accessing affordable financing, with a total of 120 loans issued, amounting to RMB162 million.

Human Resources and Institution Management

Human Resources Management

In terms of recruitment, the Bank upheld an open mindset and continued to build the employer brand to attract outstanding talents. It launched three creative online career talks for campus recruitment, including “Shining Stars, Embracing the Future”, “U Show at the Head Office: Newcomer Advancement Guide” and “Chasing Light and Dreams, Starting Your Career at PSBC”, which gained more than 420,000 views across all platforms. High-quality offline recruitment talks of the campus recruitment were jointly carried out by the Head Office and branches in selected prestigious universities and colleges nationwide, with the total number of resumes collected increasing by 14% compared to the previous year, leading to more precise reach-out to top-tier talent pool and demonstrating PSBC’s talent management mechanism and its sincerity in talent recruitment on an all-round basis. The Bank continuously strengthened the implementation of the “U⁺ Talent” training program at the Head Office, with “U⁺ Training Camp” and “U⁺ Practice Camp” covering onboarding and career growth of new recruits, to build a stable and reliable talent team and attract outstanding graduates to join the Bank. In the selection of “Best Employers in China 2024”, the Bank was honored with two employer brand awards “Top 10 Best Employers of the Year” and “Most Attractive Employers among College Students”.

In terms of talent development, the Bank attached great importance to employee development, effectively implemented a dual-track promotion mechanism of “management plus expertise”, and regularly conducted employee position and rank engagement to facilitate career development. It improved horizontal mobility mechanisms and achieved a better alignment between individuals and positions. It continuously optimized the structure of the talent team, enhanced the capabilities and quality of personnel, made good use of human resources, and strengthened its frontline teams in local communities as well as the marketing team, stimulating the creative potential of its talent. It also refined the management mechanism for leading professionals at the Head Office level to fully utilize the expertise of high-caliber talents and let them play an exemplary role. It continuously improved the talent training system and established a categorized, layered and specialized education and training system covering all employees and positions throughout the life cycle of employees’ career development. For management personnel, the Bank organized a special training class to study and implement the guiding principles of the Central Financial Work Conference and enhance their political competence, the “Qiji” (steed) training camp for young managers, and the “Sailing Program” for newly appointed heads of tier-1 sub-branches. For professional personnel, the Bank conducted onboarding training “U Light” for new recruits and provided professional competence training for key business lines, so as to improve employees’ professionalism and competence. For frontline personnel, the Bank strengthened training for outlet heads, wealth advisors, and customer managers and enhanced the practical business skills and comprehensive service capabilities of frontline employees.

» In the selection of “Best Employers in China 2024”, the Bank was honored with the “Most Attractive Employers among College Students”.

In terms of remuneration and benefits management, the Bank adhered to the principle of "paying for job value, paying for work performance, and paying for individual capabilities" and continuously improved the employee remuneration allocation mechanism. It ensured that compensation allocation is oriented toward efficiency and value contribution with fairness taken into consideration. It also insisted on prioritizing employees at the primary level and front-line positions as well as core management talents who have made outstanding contributions, thereby realizing harmonious remuneration allocation. Employee remuneration consists of basic salary, performance-related salary, and statutory welfare income such as social insurance and housing provident fund. In particular, the basic salary reflects job value and personal capabilities, while the performance-related salary focuses on employees' achievements and performance. Meanwhile, senior management and employees in positions with significant risk impact are subject to a deferred payment and clawback mechanism for performance-based salary, which guides employees to effectively balance improvement of returns and risk prevention. During the reporting period, the Bank strengthened performance management for all employees, strictly regulated the proportion of appraisal grading levels, constantly promoted the application of performance appraisal results, and gave full play to the role of performance appraisal as a guiding tool. The Bank kept optimizing its benefits system to improve welfare benefits and enhance the employees' sense of belonging.

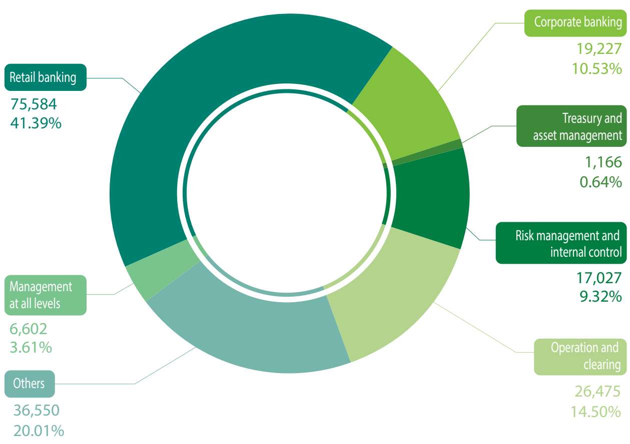
Employees

As at the end of the reporting period, the Bank had a total of 197,631 employees, among which, 182,631 were contract employees (including 1,652 in majority-owned subsidiaries) and 15,000 were from labor dispatch agencies. The number of retired employees of the Bank was 32,073. In terms of talent quantity, the Bank kept its personnel in a reasonable size and shifted the idea of talent allocation from quantity growth to improving individual efficiency. In terms of talent quality, the Bank steadily improved the professional skills of employees and the proportion of employees with a bachelor's degree or above in the Bank continued to increase, with a rise of 4.91 percentage points over the past three years. In terms of talent structure, the position distribution was more reasonable with more human resources flowing to core business areas and front-office marketing positions in an orderly manner.

Human Resources and Institution Management

The Bank values gender diversity among employees. As at the end of the reporting period, the proportion of male employees and female employees (including senior management members) of the Bank was approximately 40.62% and 59.38%, respectively. The composition of the Bank's workforce meets relevant requirements and is expected to maintain a reasonable level of gender diversity.

The Bank's Employees by Function



Note: Others include administration, information technology and other supporting positions.

The Bank's Employees by Age

The Bank's Employees by Education Background

The Bank's Employees by Gender

1 The Bank's employees refer to contract employees of the Bank (including those at its majority-owned subsidiaries).

Institution Management

Located in Beijing, the Head Office of the Bank is the hub for decision-making and management of the Bank. The Bank has established tier-1 branches in the capital cities of provinces, autonomous regions, municipalities and cities with independent planning status. As the operation and management center within the corresponding regions, tier-1 branches are responsible for managing all institutions in their respective areas and directly reporting to the Head Office. Tier-2 branches are generally set up in the prefecture-level cities in provinces and autonomous regions. In addition to their operation and management functions, tier-2 branches are also responsible for managing subordinate institutions and reporting to their supervisory tier-1 branches. Tier-1 sub-branches primarily undertake the functions of business operation and outlet management and report to their supervisory tier-2 branches. Tier-2 sub-branches primarily undertake the function of business operations.

During the reporting period, the Bank continued to improve its organizational structure to better support the implementation of its strategies and business development. It initiated reforms of tier-2 branches, optimized institutional setting and staffing in tier-2 branches, and allocated more human resources to business lines and grassroots-level institutions.

As at the end of the reporting period, the Bank had 7,899 institutions, including the Head Office, 36 tier-1 branches, 324 tier-2 branches, 2,228 tier-1 sub-branches, 5,307 tier-2 sub-branches, and three majority-owned subsidiaries.

The Bank's Branches, Sub-Branches and Employees by Geographical Region and Asset Size

In RMB million, except for percentages or otherwise stated

Region	Asset size	Percentage[1] (%)	Number of institutions	Percentage (%)	Number of employees	Percentage (%)
Head Office	9,814,204	36.65	1	0.01	8,932	4.89
Yangtze River Delta	2,756,352	10.29	878	11.12	20,666	11.32
Pearl River Delta	1,662,697	6.21	721	9.13	18,861	10.33
Bohai Rim	2,695,029	10.06	1,114	14.10	26,462	14.49
Central China	5,166,752	19.29	2,357	29.84	46,575	25.50
Western China	3,489,706	13.03	2,083	26.37	41,733	22.85
Northeastern China	1,196,451	4.47	745	9.43	19,402	10.62
Total	17,084,910[2]	100.00	7,899	100.00	182,631	100.00

Note (1): The proportion of total assets in each region is calculated based on the aggregated data before offsetting.
Note (2): Total assets are the amount after internal offset and the offset amount is RMB9,696,281 million.

Human Resources and Institution Management

Column

Restructuring Organizational Framework and Optimizing Staffing to Support High-Quality Development Through Tier-2 Branch Reform

Since 2023, to fulfill its responsibilities as a major bank and adapt to industry transformation trends, PSBC has firmly implemented the guiding principles of the Central Financial Work Conference. In line with corporate strategy and business development needs, the Bank has steadily advanced the reform of its tier-2 branches, following a series of steps including research and analysis, solution development, pilot implementation, plan optimization, nationwide rollout and summary and assessment. By 2024, the Bank had fully completed this reform. The reform focuses on streamlining internal structures and optimizing personnel allocation within tier-2 branches and aims to enhance the operational functions of tier-2 branches, strengthen staffing at grassroots-level institutions, and contribute to the Bank's high-quality development.

In terms of institutional structure, for front-office departments, the Bank clarified the conditions for institution setups based on business development and management scope, allowing for differentiated department setups. For middle- and back-office departments, the Bank mainly considered scope of functions and management span for the consolidation of functions and department streamlining. Through the reform, more than 2,000 internal departments at tier-2 branches were streamlined. Now the institutional structure is more in line with the strategic orientation and the realities of operation and management, which is conducive to enabling branches to focus more on key business areas, thereby effectively promoting the realization of strategies.

In terms of personnel allocation, the Bank formulated reference standards for personnel allocation of its branches based on the key indicators of business lines and set differentiated targets for the proportion of administrative staff at tier-2 branches within its jurisdiction to optimize the allocation of administrative staff and promote the flow of staff to the front office and the front line. After the optimization and implementation, the front-line sales force has been effectively replenished, with the proportion of sales personnel in tier-2 branches increasing by nearly 4 percentage points. The personnel allocation becomes more in line with the needs of corporate strategic development.

Risk Management

Risk Management Organizational Structure

The Board of Directors assumes ultimate responsibilities for comprehensive risk management. It is responsible for establishing the risk culture; formulating and approving risk management strategies; setting and approving the risk appetite and ensuring the establishment of risk limits; reviewing and approving major risk management policies and procedures; monitoring comprehensive risk management implemented by the senior management; reviewing comprehensive risk management reports; reviewing and approving the aggregation of risk data and the risk reporting framework, ensuring adequate resource support, regularly hearing special reports, and fully understanding and grasping the progress of the aggregation of risk data and risk reporting work; reviewing and approving disclosure of comprehensive risks and various significant risks; appointing the Chief Risk Officer or other senior management personnel and the Board of Directors shall take the lead in comprehensive risk management; and performing other duties related to risk management.

The Board of Supervisors assumes the responsibilities for supervising the comprehensive risk management and is responsible for supervising and inspecting the Board of Directors and the senior management in fulfilling their duties of risk management and urging them to make rectifications.

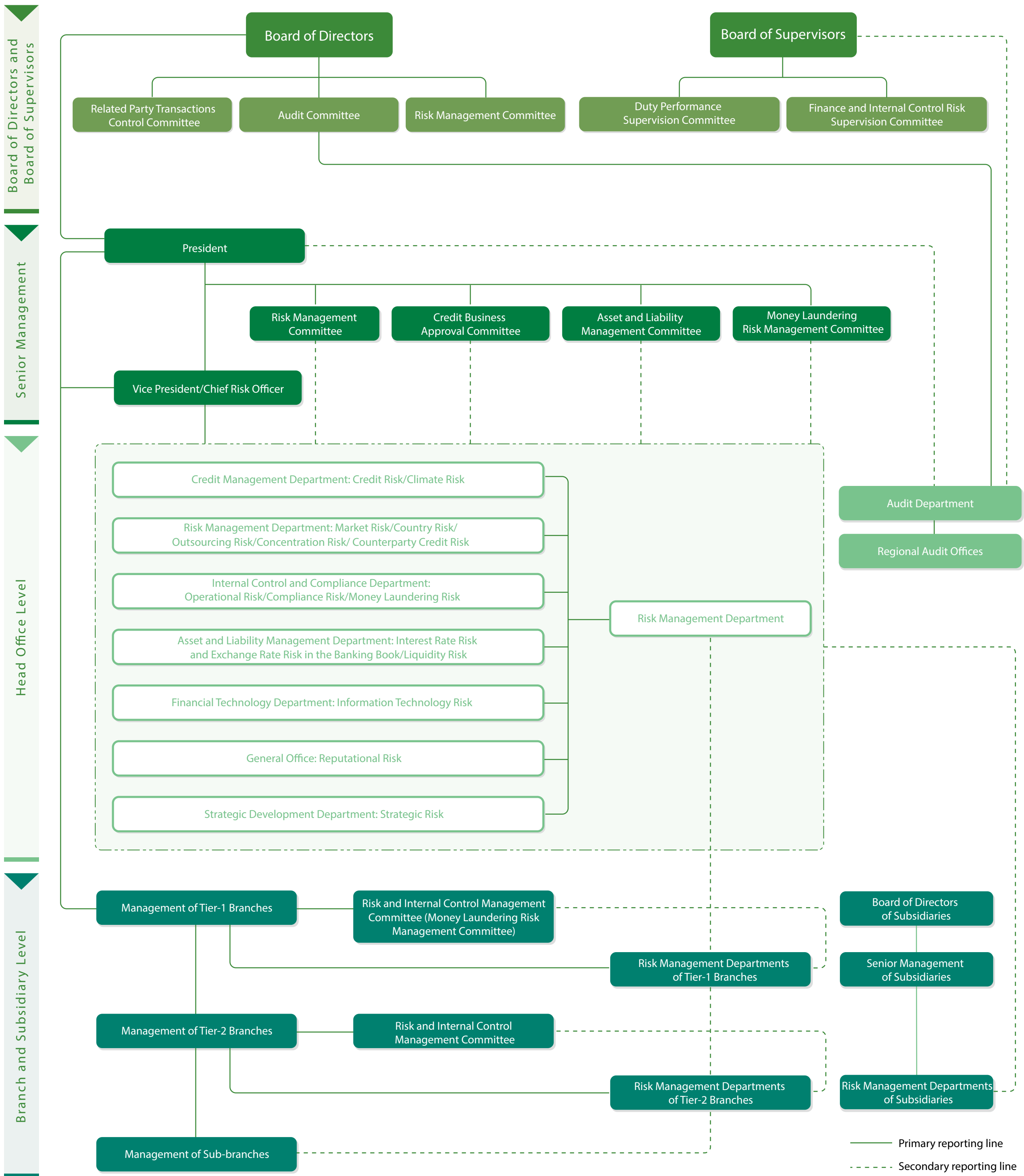
The senior management assumes the responsibilities for the implementation of comprehensive risk management and executes the Board's resolutions. It is responsible for setting up the operation and management structure in line with the requirements of comprehensive risk management, clarifying the division of responsibilities among functional departments responsible for comprehensive risk management, business departments and other departments in risk management, establishing an operational mechanism with effective coordination and balanced power across departments, and formulating a clear execution and accountability mechanism to ensure adequate communication and effective implementation of risk management strategies, risk appetite and risk limits. It sets risk limits according to risk appetite determined by the Board of Directors, including but not limited to dimensions such as industry, region, customer, product, etc. It also formulates risk management policies and procedures, evaluates them regularly, and adjusts them when necessary. It establishes a risk data aggregation and reporting system covering all material risk areas. It assesses overall risks and the management of various material risks, and reports to the Board of Directors. It establishes a sound management information system and a data quality control mechanism, oversees breaches of risk appetite, risk limits and violations of risk management policies and procedures, and deals with them under the authorization of the Board of Directors. It also assumes other responsibilities of risk management.

Three Lines of Defense

The Bank kept improving the "three lines of defense" for internal control, classified major risks such as credit risk, market risk and operational risk, etc., and incorporated all institutions and departments into the "three lines of defense".

The first line of defense refers to the business management departments, tier-1 and tier-2 sub-branches, and agency business institutions associated with relevant risks, all of which bear the primary responsibilities for risk prevention and control. The second line of defense refers to risk management departments, internal control and compliance departments, and leading management departments for relevant risks, which are responsible for coordinating, supervising and reviewing the work related to risk and internal control. The third line of defense refers to the audit and the discipline inspection departments which supervise the first and second lines of defense.

Risk Management Organizational Structure



Note: Other risks not mentioned above have been incorporated into the Bank's comprehensive risk management framework.

Comprehensive Risk Management

The Bank has always adhered to integrating risk prevention and control throughout its operations, with "early action" and "strict" risk management as the main themes. It focused on the five key points of "monitoring, guidance, constraints, accountability, and re-examination," strengthened the constraints and disposal of risks in key areas, and continuously built excellent risk management capabilities. During the reporting period, the Bank maintained a sound risk situation overall, with all risk indicators remaining stable.

Always upholding a prudent and sound risk appetite, the Bank continuously optimized the risk management system featuring "all aspects, whole process, full time and comprehensive area". It steadily advanced the development of advanced approaches for capital management, strengthened the in-depth application and promotion of these achievements across various fields, and comprehensively improved refined management in areas such as corporate governance, business operations, risk management, capital allocation and internal control. The Bank resolutely controlled credit risk, thoroughly re-examined the retail loan product access and approval processes, and optimized control measures for core processes. It continuously promoted the iteration and upgrading of risk models, conducted multi-dimensional portfolio monitoring, and supported risk decision-making and closed-loop management. It strengthened risk prevention and resolution in key areas, and proactively prevented and phased out highrisk customers. Furthermore, it consolidated the foundation for internal control and compliance management, carried out multiple on-site and off-site inspections with strong measures, effectively implemented the case discussion mechanism, formulated targeted rectification measures, strengthened systemic rigid control, and actively built a long-term internal control and compliance mechanism.

Risk Appetite

Risk appetite is the way in which the Board of Directors of the Bank expresses the types and levels of risks that the Bank is willing to assume in the process of achieving its business strategic objectives. It represents a balance among income, capital and risk, and enables the Bank to undertake the risk compatible with its business strategies and management capabilities and to create value through risk management.

The Bank upheld a prudent and sound overall risk appetite, aimed to balance stable growth and risk prevention, actively fulfilled the responsibilities of a major state-owned bank, and focused on risk prevention in key fields. It coordinated the forward-looking and effective management of risks with the business development needs, setting management objectives against all types of major risks in line with the strategic positioning adopted by the Bank Group, the Bank and its subsidiaries. In doing so, it aimed to make sure that risks are generally under control and guided the stable operation and high-quality development of all businesses across the Bank.

Intelligent Risk Control

The Bank continued to deepen the digital transformation of risk management and steadily improved its intelligent risk control capabilities. In the field of retail risk control, relying on risk models to dynamically assess the risk status of existing customers, the Bank provided timely and accurate early warnings for high-risk customers, supported the building of a dynamic credit management system that includes credit line adjustments, freezing, phasing out and risk mitigation, and resolved risks of existing customers in a timely manner. In the field of non-retail risk control, the Bank developed the Big Data Risk Forecast Model 2.0, based on an expandable model architecture adaptable to multi-scenario, full-process applications, and used cutting-edge machine learning technologies to significantly expand the input variables, notably improving the precision of high-risk predictions and enhancing the efficiency of customer segmentation for risk management. In the field of anti-telecommunication fraud risk prevention, the Bank actively built an intelligent risk control model system that covers the entire process (ex ante, interim and ex post) for anti-fraud. It innovatively developed and launched an early warning model for ex ante risk behavior, established interim warning models for large-scale fraud, iterated and optimized interim transaction warning control models, and continuously strengthened the ex post comprehensive risk inspection models, effectively improving the precision of telecommunication fraud risk prevention across the Bank. In the field of AML, the Bank optimized the model of suspicious transaction monitoring rules, and launched an AI screening algorithm model for suspicious transaction early warning, which improved the efficiency of manual screening and the effectiveness of monitoring suspicious transactions, significantly increased the reporting rate of key suspicious transactions and the rate of established cases, and assisted the public security authorities in vigorously combating money laundering and upstream crimes. In the field of consumer protection, the Bank continued to optimize the intelligent model for complaint categorization, automatically generating complaint analysis reports and risk clues to facilitate real-time monitoring of complaint trends. It developed and implemented a tool to identify repeated complaints, reducing the workload of grassroots institutions in complaint review and reduction. In the field of legal risk prevention and control, the Bank implemented an intelligent legal text review model to assist reviewers in automatically identifying risk points in contracts. It also developed and launched an intelligent legal education tool that integrates diverse data resources, such as legal texts, financial industry regulations and historical inquiries, to improve the efficiency of legal education of all employees in the Bank. In the field of internal control and compliance, the Bank launched an automated review tool embedded in the institutional review process, assisting in compliance checks of content and format and improving review efficiency. In the field of intelligent risk control infrastructure, the Bank continued to enrich financial risk data, developed an enterprise-level risk relationship graph service system, and optimized and promoted the application of the risk management system cluster, providing a solid foundation for the stable operation of the business.

Advanced Approaches for Capital Management

The Bank continuously deepened the application and development of advanced approaches to ensure compliance and meet standards. In compliance with the requirements of the Rules on Capital Management of Commercial Banks, the Bank has built a relatively comprehensive internal rating governance and policy system. The coverage of internal ratings has consistently remained above 50%, with model development data exceeding five years. This has effectively leveraged the role of internal rating operations in guiding and constraining business operations and management. The application of internal ratings spans core applications and advanced applications, comprehensively enhancing the refined management levels in corporate governance, business operations, risk management, capital allocation and internal control.

During the reporting period, in response to changes in the external economic environment, the Bank conducted calibration and optimization of model risk parameters, effectively enhancing the prudence and accuracy of model results. It continuously improved the quality of underlying data and refined various system functions to ensure the accurate and effective operation of the measurement system, and carried out the development of regulatory reports on advanced approaches for supervision and information disclosure-related statements. Additionally, the Bank continued to promote the in-depth application of internal ratings across various fields. At the same time, in line with regulatory requirements such as the Rules on Capital Management of Commercial Banks and the Regulations on the Application and Acceptance of Advanced Capital Measurement Approach for Commercial Banks, it conducted a comprehensive self-assessment covering governance structure, policies, regulations and processes, risk exposure classification, internal rating models, internal rating applications, mitigation management, systems, and data. This has expedited the preparation of compliance evaluation application materials for advanced approaches. Based on the current self-assessment results, the Bank has substantially met the conditions for implementing advanced approaches.

Column

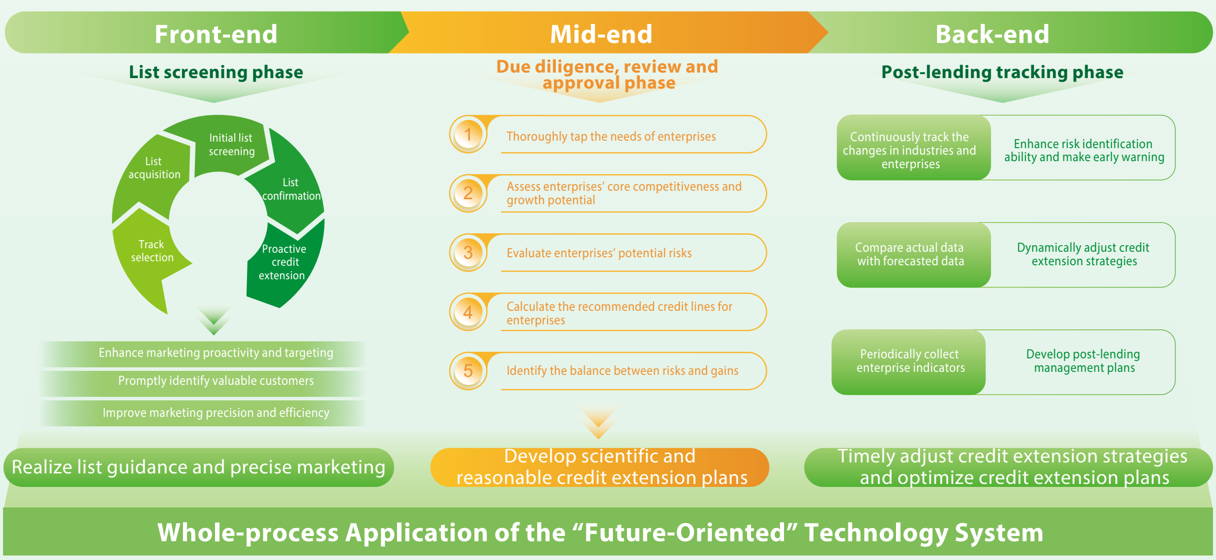
Deepening the Development of the "Future-Oriented" Technology System and Empowering the Development of Corporate Credit Business

In response to current changes in both internal and external conditions, the Bank optimized its credit operation philosophy and deepened the development of the "future-oriented" technology system. This aimed to enhance the Bank's ability to understand industry trends, identify market gaps, and formulate clear development strategies, and help the Bank seize market opportunities, optimize customer structure, and effectively control risks, while empowering the high-quality development of corporate credit business in the new circumstances.

First, the Bank deepened the development of the technology system and enhanced its ability to serve the real economy. On the basis of the existing model for the manufacturing sector, the Bank developed 11 new "future-oriented" sub-industry models to improve the adaptability of the "future-oriented" technology across different industries and customer types. The model system has now covered customers in key areas of the real economy, such as science and technology companies, private enterprises and SMEs. Additionally, the Bank optimized the "future-oriented" indicator framework, formulated credit technology guidelines for science and technology companies, and effectively enhanced the service quality and efficiency of technology finance. Using the "future-oriented" technology, the Bank approved over 16,000 enterprises, representing an increase of 72.84%, and approved an amount exceeding RMB3.6 trillion, representing an increase of 169.10%. The "future-oriented" technology assisted the Bank in the precise selection of high-quality tracks in line with national and regional development prospects. During the reporting period, nearly 2,000 core target customers and emerging industry customers for marketing were identified. Front-end list guidance, precise marketing and quick identification of valuable customers have been realized.

Second, the Bank improved forward-looking risk management and balanced development and risk control in a scientific manner. Currently, there is a shortage of high-quality assets in the market, and there is an obvious trend of customer penetration into lower-tier markets, leading to increased business risks. On one hand, the Bank applies the "future-oriented" technology during the due diligence, review and approval phases to assist credit officers in examining the industry-wide and trend-related potential risks with a more forward-looking perspective, and optimizing credit extension strategies and balancing credit issuance and risk prevention based on the reasonableness and long-term sustainability of credit issuance. On the other hand, during the post-lending tracking phase, the "future-oriented" technology enables a comparison of actual data from enterprises and industries with the forecasted data from the early entry phase, thus enhancing the Bank's ability to foresee and assess enterprise risk exposure. This further enables dynamic adjustment of credit extension strategies and the implementation of more forward-looking and effective risk management. During the reporting period, the NPL ratio of customers approved by applying the "future-oriented" technology was lower than the average NPL ratio of the Bank, ensuring that the asset quality remained relatively stable during the transformation of the Bank's corporate business.

Third, the Bank cultivated core high-quality customer groups and built differentiated competitive advantages. The new round of scientific and technological revolution and industrial transformation has driven an increase in credit demand from emerging sectors. By applying the "future-oriented" technology, the Bank enhanced the scientific and accurate judgment of industry and enterprise growth potential, facilitated the identification of core customers with long-term development potential, the development of more competitive credit extension solutions and comprehensive marketing, and provided one-stop financial services to meet the diverse needs of enterprises. During the reporting period, over 30% of customers approved by applying the "future-oriented" technology engaged in in-depth cooperation with the Bank in areas such as financing, settlement, and financial asset investment, which empowered the Bank to transform its corporate business strategies, establish a long-term customer service mechanism, and seize the initiative in future development. Based on controllable risks, the Bank sought higher comprehensive returns and built innovative engines with core competitiveness and differentiated advantages.



Credit Risk

Credit risk refers to the risk of loss that may arise from the default by, or downgrade of credit rating or weakened capability to fulfill contractual obligations of an obligor or counterparty. The Bank is exposed to credit risk primarily through its loans, treasury business (including deposits and placements with banks, financial assets held under resale agreements, investments in corporate bonds and financial bonds, interbank investment, etc.) and off-balance sheet credit businesses (including guarantees, commitments, etc.).

The organizational system of the Bank on credit risk management is as follows: the Board of Directors undertakes the ultimate responsibilities for credit risk management, and the Board of Supervisors undertakes the supervisory responsibilities for credit risk management. The senior management undertakes the responsibilities for implementation of credit risk management, and is responsible for the implementation of resolutions approved by the Board of Directors on credit risk. Under the senior management, the Risk Management Committee and Credit Business Approval Committee are responsible for credit risk management and approving credits within the scope of authorization respectively. Each business department shall bear the primary responsibility for credit risk prevention and control, and implement policies, standards, and requirements of credit risk management in its field of business in accordance with the division of functions; departments of credit management, risk management, credit approval, internal control and compliance, legal affairs and other relevant departments are responsible for the overall planning, supervision and review of credit risk prevention and control, among which the Credit Management Department is the leading department of credit risk management, and the internal audit department exercises independent and objective supervision of the performance of duties in credit risk management.

Credit Risk Management

Refining industry research and tightening access control

The Bank improved its industry research system and industry expert database, continuously enhanced the overall industry research capabilities, and gave full play to the guiding role of policies. Focusing on emerging industries, market gaps and other key areas, the Bank deepened research empowerment and prevented risks in a forward-looking manner. It dynamically optimized credit policies, and strongly supported the development of new quality productive forces in line with local conditions. It also refined regional policy granularity, provided differentiated credit extension based on the characteristics of regional industries, promoted the expansion and structural optimization of the credit customer base, and reinforced ex-ante constraints.

Implementing targeted strategies and strengthening process control

The Bank implemented precise governance strategies, enhanced the guiding role of asset quality objectives, as well as process control, and solidified credit risk assessments and evaluations. It improved the list-based management mechanism for retail lending and large corporate customers, enhanced the quality and effectiveness of early risk correction work, and optimized monitoring and early warning systems for more effective application of warning signals, so that the Bank could gain more time windows for risk mitigation. Adhering to the principle of separation of duties and checks and balances, the Bank focused on "critical processes" and "key behaviors", intensified the monitoring, supervision and control of risks throughout the entire business process, and elevated the level of refined management. Additionally, it intensified efforts to resolve existing risks, effectively reduced risk exposure, implemented a regular process of ex-post review and corrections, and strengthened the effective loop of credit risk monitoring, guidance, constraint, review and accountability in a problem-oriented approach.

Applying lean management to asset preservation and strengthening the value orientation

The Bank deepened the "strengthen capabilities and enhance efficiency" action for asset preservation and intensive transformation, clarified the positioning for profit creation and efficiency improvement, reasonably allocated resources for asset disposal, and coordinated the application of diversified disposal methods. A lean asset preservation team was built to maximize the value contribution of asset preservation. During the reporting period, the Bank disposed of RMB69,103 million principal and interest of non-performing loans on and off the balance sheet, among which, those disposed of through cash collections amounted to RMB22,635 million, those through bad debt write-off amounted to RMB23,555 million, those through NPA securitization amounted to RMB18,749 million, and those through other methods amounted to RMB4,164 million.

Performing strict loan management and improving the long-term mechanism

The Bank established a long-term mechanism for the governance of misappropriating loan funds in loan management in key areas, employed multiple measures to intensify the monitoring and control of risks, deepened the governance of illegal loan intermediaries, deployed a series of anti-fraud model strategies, promoted a transparent credit culture, and took strict measures to prevent and control integrity risk. Additionally, it enhanced the comprehensiveness of credit risk management through effectively implementing a unified system for consolidated credits, and enhanced the accuracy and standardization of the process by improving the management and control system for collateral valuation. It advanced collateral data governance and supported the effectiveness of collateral risk management.

Credit Risk Analysis[1]

Non-Performing Loans Structure by Collateral

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)[1]	Amount	Percentage (%)[1]
Unsecured loans	23,906	29.77	20,746	30.75
Guaranteed loans[2]	6,869	8.55	7,184	10.65
Loans secured by mortgages[2][3]	48,675	60.60	38,353	56.85
Loans secured by pledges[2][4]	869	1.08	1,177	1.75
Discounted bills	–	–	–	–
Total	80,319	100.00	67,460	100.00

Note (1): Calculated by dividing the balance of non-performing loans secured by each type of collateral by total non-performing loans.

Note (2): Represents the total amount of loans fully or partially secured by collateral in each category. If a loan is secured by more than one form of collateral, the classification would be based on the primary form.

Note (3): Represents loans secured by assets that are still under the possession of the borrower, and mainly includes loans secured by buildings and fixtures, land use rights, machinery, equipment and vehicles.

Note (4): Represents loans secured by possession of or registration as the holder of assets, which mainly include movable property, certificates of deposit, financial instruments, intellectual property rights and the rights to obtain future cash flows.

1 The total loans to customers in the "Credit Risk Analysis" section in this report exclude accrued interest.

Aging Analysis of Overdue Loan Structure

In RMB million, except for percentages

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage of total loans (%)	Amount	Percentage of total loans (%)
Overdue for 1 to 90 days	39,032	0.44	25,826	0.32
Overdue for 91 to 180 days	20,389	0.23	13,046	0.16
Overdue for 181 days to 1 year	23,365	0.26	15,293	0.19
Overdue for 1 to 3 years	19,350	0.22	16,814	0.21
Overdue for over 3 years	3,555	0.04	3,050	0.03
Total	105,691	1.19	74,029	0.91

Overdue Loans to Customers by Geographical Region

In RMB million, except for percentages

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	6,297	5.96	5,777	7.80
Yangtze River Delta	20,855	19.73	13,184	17.81
Pearl River Delta	16,022	15.16	9,256	12.50
Bohai Rim	12,574	11.90	8,875	11.99
Central China	25,141	23.78	17,051	23.04
Western China	18,898	17.88	15,619	21.10
Northeastern China	5,904	5.59	4,267	5.76
Total	105,691	100.00	74,029	100.00

Loan Concentration

In RMB million, except for percentages

Top ten single borrowers	Industry	Amount	Percentage of total loans (%)	Percentage of net capital (%)(1)
Borrower A(2)	Transportation, storage and postal services	99,269	1.12	7.98
Borrower B	Transportation, storage and postal services	16,179	0.18	1.30
Borrower C	Mining	15,964	0.18	1.28
Borrower D	Transportation, storage and postal services	14,918	0.17	1.20
Borrower E	Transportation, storage and postal services	13,852	0.16	1.11
Borrower F	Transportation, storage and postal services	13,231	0.15	1.06
Borrower G	Transportation, storage and postal services	12,030	0.14	0.97
Borrower H	Transportation, storage and postal services	11,735	0.13	0.94
Borrower I	Transportation, storage and postal services	11,149	0.13	0.90
Borrower J	Manufacturing	10,057	0.11	0.81

Note (1): Represents loan balances as a percentage of the Bank's net capital, calculated in accordance with the requirements of the Rules on Capital Management of Commercial Banks.

Note (2): Percentage of loans to the largest single borrower = balance of loans to the largest borrower/net capital × 100%. The largest borrower refers to the customer with the highest balance of loans at the period end. As at the end of the reporting period, China State Railway Group Co., Ltd. was the Bank's largest single borrower. The outstanding loan balance with China State Railway Group Co., Ltd. was RMB99,269 million, accounting for 7.98% of the Bank's net capital. The credit line the Bank extended to China State Railway Group Co., Ltd. includes the legacy credit line of RMB240 billion which was approved by the relevant regulatory authorities. As at the end of the reporting period, the outstanding loan balance under such credit line for China State Railway Group Co., Ltd. was RMB84.5 billion. After the deduction of this RMB84.5 billion, the Bank's balance of loans to China State Railway Group Co., Ltd. accounts for 1.19% of the Bank's net capital.

Distribution of Loans by Five-Category Classification

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Normal	8,726,999	98.15	8,005,761	98.49
Special mention	84,328	0.95	54,952	0.68
Non-performing loans	80,319	0.90	67,460	0.83
Substandard	17,938	0.20	22,019	0.27
Doubtful	23,368	0.26	16,420	0.20
Loss	39,013	0.44	29,021	0.36
Total	8,891,646	100.00	8,128,173	100.00

As at the end of the reporting period, the Bank's non-performing loan balance amounted to RMB80,319 million, representing an increase of RMB12,859 million compared with the prior year-end. The non-performing loan ratio was 0.90%, representing an increase of 0.07 percentage point compared with the prior year-end. The balance of special mention loans amounted to RMB84,328 million, representing an increase of RMB29,376 million compared with the prior year-end. Special mention loan ratio was 0.95%, representing an increase of 0.27 percentage point compared with the prior year-end. The ratio of special mention and non-performing loans was 1.85%, representing an increase of 0.34 percentage point compared with the prior year-end.

Distribution of Non-Performing Loans by Product Type

In RMB million, except for percentages

	December 31, 2024			December 31, 2023		
Item	Non-performing loan balance	Percentage (%)	Non-performing loan ratio (%)[1]	Non-performing loan balance	Percentage (%)	Non-performing loan ratio (%)[1]
Personal loans						
Consumer loans						
Residential mortgage loans	15,231	18.96	0.64	12,793	18.96	0.55
Other consumer loans	8,173	10.18	1.34	9,391	13.92	1.81
Personal micro loans	33,839	42.13	2.21	23,946	35.50	1.73
Credit card overdrafts and others	3,520	4.38	1.48	3,745	5.55	1.71
Subtotal	60,763	75.65	1.28	49,875	73.93	1.12
Corporate loans						
Corporate loans[2]	8,962	11.16	0.37	10,372	15.38	0.47
Small business loans	9,517	11.85	1.38	6,102	9.04	1.05
Trade finance	1,077	1.34	0.22	1,111	1.65	0.26
Subtotal	19,556	24.35	0.54	17,585	26.07	0.55
Discounted bills	–	–	–	–	–	–
Total	80,319	100.00	0.90	67,460	100.00	0.83

Note (1): Calculated by dividing the balance of non-performing loans in each product type by total loans in that product type.
Note (2): Consist of general corporate loans and advances.

Distribution of NPL Formation Ratio[1] by Product Type

%

Item	December 31, 2024	December 31, 2023	Increase/(decrease)
Personal loans			
Consumer loans			
Residential mortgage loans	0.53	0.44	0.09
Other consumer loans	2.19	2.74	(0.55)
Personal micro loans	2.18	1.93	0.25
Credit card overdrafts and others	3.16	3.54	(0.38)
Subtotal	1.36	1.26	0.10
Corporate loans			
Corporate loans[2]	0.06	0.37	(0.31)
Small business loans	1.55	1.22	0.33
Trade finance	0.03	0.00	0.03
Subtotal	0.28	0.42	(0.14)
Discounted bills	–	–	–
Total	0.84	0.85	(0.01)

Note (1): Calculated by dividing the sum of difference between the NPL balance at the end of the period and the NPL balance at the beginning of the period of each product category and the amount collected, disposed of, and adjusted upwards during the period by the total amount of loans at the beginning of the period of that product category.

Note (2): Consist of general corporate loans and advances.

Distribution of Non-Performing Loans by Geographical Region

In RMB million, except for percentages

Item	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	3,521	4.38	3,747	5.55
Yangtze River Delta	14,839	18.48	11,680	17.31
Pearl River Delta	11,875	14.78	8,190	12.14
Bohai Rim	9,615	11.97	8,024	11.90
Central China	21,041	26.20	16,905	25.06
Western China	14,931	18.59	15,244	22.60
Northeastern China	4,497	5.60	3,670	5.44
Total	80,319	100.00	67,460	100.00

Domestic Non-Performing Corporate Loans by Industry

In RMB million, except for percentages

Item	December 31, 2024		December 31, 2023	
	Amount	Non-performing loan ratio (%)	Amount	Non-performing loan ratio (%)
Transportation, storage and postal services	637	0.08	576	0.07
Manufacturing	4,038	0.70	3,332	0.65
Production and supply of electricity, heating, gas and water	156	0.05	224	0.08
Financial services	–	–	–	–
Wholesale and retail	3,818	1.31	2,272	0.96
Construction	1,470	0.64	993	0.50
Real estate	5,972	1.94	6,191	2.45
Mining	12	0.01	4	0.00
Water conservancy, environmental and public facilities management	1,286	0.42	1,726	0.93
Leasing and commercial services	996	0.36	1,539	0.74
Agriculture, forestry, animal husbandry and fishery	232	0.41	163	0.54
Information transmission, computer services and software	390	1.42	150	0.76
Accommodation and catering	120	1.27	109	1.45
Residential services and other services	66	1.28	79	1.79
Culture, sports and entertainment	41	0.25	38	0.22
Others[1]	322	0.68	189	0.50
Total	19,556	0.54	17,585	0.55

Note (1): Mainly include education, scientific research and technical services, health and social security, etc.

Movements of Allowance for Impairment Losses on Loans

Allowance for Impairment Losses of Customer Loans at Amortized Cost

In RMB million

Item	December 31, 2024 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2024	158,240	12,691	62,717	233,648
Transfers:				
Transfer to stage 1	3,490	(2,523)	(967)	–
Transfer to stage 2	(7,051)	8,138	(1,087)	–
Transfer to stage 3	(7,178)	(2,976)	10,154	–
Changes of ECL arising from transfer of stages	(2,394)	12,108	38,638	48,352
Financial assets derecognized or settled during the period	(80,021)	(3,788)	(14,989)	(98,798)
New financial assets originated or purchased	88,045	–	–	88,045
Remeasurement	(20,349)	(534)	2,249	(18,634)
Write-offs	–	–	(23,555)	(23,555)
Loss allowance as at December 31, 2024	132,782	23,116	73,160	229,058

Allowance for Impairment Losses of Customer Loans at Fair Value Through Other Comprehensive Income

In RMB million

Item	December 31, 2024 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2024	818	1	–	819
Transfers:				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Changes of ECL arising from transfer of stages	–	–	–	–
Financial assets derecognized or settled during the period	(818)	(1)	–	(819)
New financial assets originated or purchased	772	–	–	772
Remeasurement	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as at December 31, 2024	772	–	–	772

Large Exposure Management

In strict accordance with the requirements of Rules on Large Exposure of Commercial Banks, the Bank bolstered information system support for large risk exposure management, improved the monitoring and early warning management system for large exposure, strengthened control of customer concentration risk, and tightened management of large exposure through consolidation of financial statements to continuously improve refined management capabilities of credit risk.

Market Risk

Market risk refers to the risk of losses in the on- and off-balance sheet businesses arising from adverse movements in market prices (including interest rate, exchange rate, stock price and commodity price). The major market risks that the Bank is exposed to include interest rate risk and exchange rate risk.

The Bank strictly followed the relevant regulatory requirements on market risk management and established a market risk management framework commensurate with the nature, scale and complexity of the Bank's businesses. The Board of Directors undertakes the ultimate responsibilities for overseeing the market risk management; the senior management is responsible for formulating, periodically reviewing and monitoring the implementation of the market risk management policies and procedures; the Risk Management Department is responsible for conducting market risk management, the Asset and Liability Management Department is responsible for managing the interest rate and exchange rate risk in the banking book, and each business department is responsible for the market risk management in its field of business in accordance with the division of functions.

The Bank developed sound market risk management policies and procedures, carried out thorough market risk identification, measurement, monitoring, assessment, control and reporting, and exerted every effort to control market risks within a reasonable and manageable range and maximize risk-adjusted returns.

Classification of Trading Book and Banking Book

The Bank classifies on- and off-balance sheet assets and liabilities into trading book and banking book. The trading book includes financial instruments, foreign exchange and commodity positions held by the Bank for the purposes of trading or hedging the risks of other items in the trading book as well as other instruments identified by the NFRA. Except for instruments in the trading book, all other instruments are included in the banking book.

The Bank developed a policy for the classification of the trading book and the banking book, and strictly adhered to the general presumption principle set by regulators in the classification process.

Market Risk Management for Trading Book

The Bank measures and manages the market risk of the trading book by adopting multiple methods including exposure analysis, profit or loss analysis, sensitivity analysis, scenario analysis, value at risk (VaR) and stress testing.

During the reporting period, the Bank actively responded to changes in the market environment, and strengthened the monitoring and early warning of key market risk factors. It optimized the market risk emergency plan and improved the response mechanism for major risk events. It enhanced the tiered market risk limit system and strengthened the transmission of risk appetite. It fully implemented the new rules on market risk capital measurement and optimized the allocation of market risk capital. It continuously improved the monitoring of the trading process, enhanced the middle-office risk penetration capability, and increased the effectiveness of supervision.

Market Risk Management for Banking Book

Management of Interest Rate Risk in Banking Book

Interest rate risk in the banking book refers to the risk that causes losses to the economic value of books and overall earnings of banks due to adverse changes in interest rate and maturity structure, etc. The interest rate risk in the Bank's banking book mainly arises from the mismatch between the repricing periods of assets and liabilities as well as the inconsistent changes in their pricing basis.

For interest rate risk in the banking book, the Bank has established a management system and a governance structure that are tailored to its specific characteristics. Based on macroeconomic factors, market changes and risk appetite, the Bank implements a prudent interest rate risk management strategy for the banking book, which mainly includes methods such as repricing gap analysis, net interest income and economic value sensitivity analysis, limit management, duration management, stress testing and proactive adjustment of the asset-liability structure. During the reporting period, the Bank closely monitored domestic and international economic and financial conditions, strengthened the limit control of key businesses, continuously optimized the duration structure of assets and liabilities, actively promoted loan repricing diversification, conducted comprehensive stress testing, and maintained a balance among "volume, price and risk", and a balance between current earnings and long-term value. During the reporting period, the Bank's overall interest rate risk in the banking book remained stable, and all risk indicators met regulatory requirements.

Interest Rate Risk Analysis

Interest Rate Risk Gap

In RMB million

Item	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
December 31, 2024	(1,092,962)	(1,888,379)	(205,643)	1,597,137	1,689,149	787,005
December 31, 2023	(216,303)	(1,164,746)	(967,824)	954,439	1,586,589	640,145

Interest Rate Sensitivity Analysis

We assume that the market interest rates move up or down in parallel, the repricing cycles of loans, time deposits and other businesses are determined according to the contract and the repricing cycles of non-fixed-term businesses such as demand deposits are set as overnight. Regardless of the risk management activities that may be taken by the management to mitigate interest rate risk, the interest rate sensitivity analysis of the Bank's banking book is as follows:

In RMB million

Basis point movements in yield rate	December 31, 2024 (Decrease)/Increase in net interest income	December 31, 2023 (Decrease)/Increase in net interest income
Upward parallel shift of 100 bps for yield curves	(27,367)	(15,670)
Downward parallel shift of 100 bps for yield curves	27,367	15,670

Exchange Rate Risk Management

Exchange rate risk refers to the risk of losses in foreign exchange exposure arising from unbalanced foreign exchange assets and liabilities due to adverse movements in exchange rates. During the reporting period, the foreign exchange exposure of the Bank remained relatively stable. Relevant indicators of exchange rate risk met regulatory requirements, and the exchange rate risk was controllable on the whole.

During the reporting period, the Bank paid close attention to the impact of geopolitical events and the economic and financial development worldwide, actively studied and analyzed exchange market trends, and dynamically monitored and analyzed foreign exchange exposure limits. It regularly conducted stress testing, strengthened risk monitoring, explored the proactive management approaches for foreign exchange exposure, and ensured that the exchange rate risk of the Bank was within an acceptable range.

Exchange Rate Risk Analysis

For analysis of the Bank's exchange rate risk, please refer to the "Notes to the Consolidated Financial Statements – 45.4 Market risk – Foreign exchange rate risk".

Currency Concentration

In RMB million

	December 31, 2024			
Item	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	64,904	525	11,730	77,159
Spot liabilities	(34,015)	(3,386)	(8,448)	(45,849)
Forward purchases	142,850	6,698	8,170	157,718
Forward sales	(146,732)	(3,521)	(11,545)	(161,798)
Net long/(short) position	27,007	316	(93)	27,230

	December 31, 2023			
Item	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	75,038	848	7,979	83,865
Spot liabilities	(39,744)	(3,301)	(1,726)	(44,771)
Forward purchases	59,458	6,740	2,939	69,137
Forward sales	(74,261)	(3,777)	(9,371)	(87,409)
Net long/(short) position	20,491	510	(179)	20,822

Liquidity Risk

Liquidity Risk Management

Liquidity risk refers to the risk of failure to obtain sufficient funds by commercial banks at a reasonable cost in a timely manner to repay matured debts, fulfill other payment obligations and meet other financial needs of normal operation. Liquidity risk may arise from the following events or factors: significant adverse changes in market liquidity, withdrawal of customers' deposits, drawing of loans by customers, overdue payment of debtors, excessive maturity mismatch between assets and liabilities, difficulties in asset realization, weakened financing ability, operating losses and risks associated with the affiliates, etc.

Governance Structure of Liquidity Risk Management

The governance structure of the Bank's liquidity risk management consists of the systems for decision making, execution and monitoring. Among them, the decision-making system includes the Board of Directors and its Risk Management Committee, as well as the senior management of the Head Office and its Asset and Liability Management Committee and Risk Management Committee; the execution system comprises the department responsible for liquidity management, departments leading the management of on- and off-balance sheet businesses, Risk Management Department, Information Technology Department and Operation Management Department of the Head Office and relevant departments of branches and sub-branches; the monitoring system consists of the Board of Supervisors, and departments responsible for internal audit, legal affairs and compliance, etc.

Objective, Strategy and Policy of Liquidity Risk Management

The objective of liquidity risk management of the Bank is to effectively identify, measure, monitor and control liquidity risk via the establishment of a scientific and comprehensive liquidity risk management system, and to ensure that the liquidity demand is satisfied and its payment obligation to external parties is fulfilled promptly at a reasonable cost under the normal operation scenario and the stress scenario. The Bank adheres to a prudent and sound liquidity risk management strategy, proactively assesses changes in both internal and external conditions, reasonably manages the overall amount, structure and pace of its funding sources and uses, and strikes a balance among safety, liquidity and profitability. The Bank, in accordance with requirements in regulatory policies, changes in external environment as well as the characteristics of its business, formulates liquidity risk management policies such as those on limit management, intraday liquidity management, stress testing and contingency plans, manages the liquidity risk of the Bank in a centralized manner and clarifies that the affiliates assume primary responsibilities for their liquidity risk management.

Liquidity Risk Management Method

The Bank paid close attention to changes in the macroeconomic situation and monetary policies, closely monitored liquidity conditions in the market and of the Bank, and strengthened trend forecast and analysis on factors affecting liquidity. It strictly implemented limit management, strengthened asset-liability portfolio management and matching, and effectively controlled the risk of maturity mismatch. It adhered to the philosophy of maintaining high-quality liability development, ensured a stable source of deposits, and used interbank liabilities as liquidity replenishment and adjustment tools to enhance the diversification of capital sources. The Bank strengthened fund position management to meet various payment requirements. It also strengthened consolidated liquidity risk management to ensure the safety of the Group's liquidity. Meanwhile, the Bank regularly conducted stress tests and emergency drills to enhance its capacity for liquidity contingency management. It continued to optimize its liquidity management system to enhance the level of informatization and intelligent management.

Liquidity Risk Stress Testing

The Bank conducts liquidity risk stress testing every quarter to test the risk tolerance under stress scenarios and constantly improves stress testing methods based on regulatory and internal management requirements. During the reporting period, the stress testing results indicated that the Bank could pass the minimum viability test under various stress scenario assumptions.

Liquidity Risk Analysis

The Bank's liabilities were stable, as its major source of funds was retail deposits. Its assets were highly liquid, with a relatively large proportion of qualified high-quality bonds. Its overall liquidity position was sufficient, secured and under control. As at the end of the reporting period, the liquidity ratio of the Bank was 94.13%; the liquidity coverage ratio was 287.28%; and the net stable funding ratio was 171.80%, all meeting the regulatory requirements.

Liquidity Coverage Ratio

In RMB million, except for percentages

Item	December 31, 2024	September 30, 2024	December 31, 2023
High-quality liquid assets	3,296,267	3,152,739	2,950,726
Net cash outflow for the next 30 days	1,147,394	1,212,804	971,893
Liquidity coverage ratio (%)	287.28	259.95	303.61

Net Stable Funding Ratio

In RMB million, except for percentages

Item	December 31, 2024	September 30, 2024	December 31, 2023
Total available stable funding	14,555,976	14,246,095	13,284,936
Total required stable funding	8,472,650	8,400,400	7,965,288
Net stable funding ratio (%)	171.80	169.59	166.79

Liquidity Gap Analysis

The table below shows the Bank's net position of liquidity as of the stated date. For further details, please refer to "Notes to the Consolidated Financial Statements – 45.5 Liquidity Risk".

In RMB million

Item	Overdue	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
December 31, 2024	29,997	(3,950,844)	(804,912)	(2,421,636)	(1,315,939)	2,954,286	5,175,204	1,220,151	886,307
December 31, 2023	15,035	(3,935,590)	(635,188)	(1,668,430)	(1,578,122)	2,820,698	4,558,237	1,255,660	832,300

Operational Risk

Operational risk refers to the risk of losses resulting from problems in internal procedures, employees and IT systems, or from external events. The operational risks that the Bank may be exposed to mainly include internal fraud, external fraud, employment rules and workplace safety, risks related to customers, products and business activities, damage to physical assets, risks related to IT systems, execution, delivery and process management. During the reporting period, the Bank's operational risk and operational risk loss ratio were kept at a relatively low level.

In accordance with the Rules on Capital Management of Commercial Banks, the Measures for Operational Risk Management of Banking and Insurance Institutions and other regulatory frameworks, the Bank strengthened the management of operational risk loss data, improved the key risk indicator management mechanism, and regularly conducted risk and control self-assessments. It also established an operational risk standardized approach measurement system, comprehensively enhanced regulatory compliance, and effectively improved operational risk management capabilities. The Bank focused on building a collaborative operational risk management mechanism with "comprehensive prevention" as the first line of defense, "active management" as the second line of defense, and "objective assessment" as the third line of defense.

Legal Risk

Legal risk refers to the risk of commercial banks suffering from adverse legal consequences including legal liabilities, loss of rights and reputational damage due to violation of laws and regulations or terms of contract of its business operations, non-compliance with laws and breach of contracts by others including the counterparty to the contract, and significant changes in the external legal environment. During the reporting period, the Bank's legal risk was manageable in general.

The Bank continued to improve the legal risk management framework, and worked to enhance the capability for legal risk management, prevention and control. It promptly conducted interpretations of new laws and regulations, issued legal review guideline manuals, and gradually improved the specialization and standardization of legal risk management. It actively responded to major litigation and legal disputes, strengthened litigation classified management, enhanced litigation monitoring and guidance for its institutions, conducted in-depth litigation analysis, and improved the overall litigation case management across the Bank. Additionally, the Bank strengthened authorization management, optimized annual authorization, and further refined the precise and scientific authorization management. It strengthened intellectual property management, encouraged scientific and technological innovation, continued to enhance the integrated protection of trademarks and trade names, and fully promoted the creation, use and protection of the Bank's intellectual property. It organized the "Legal Knowledge Expert Competition", with approximately 170,000 employees participating. It also held the "Law Delivery to the Frontline" legal awareness campaign, and further strengthened the law-based governance culture. Furthermore, it optimized the legal affairs system, launched a large model-based intelligent legal review tool, and increased scientific and technological support for legal risk prevention and control.

Compliance Risk

Compliance risk refers to the potential for financial institutions or their employees to bear criminal, administrative, or civil legal liabilities, property losses, reputational damage and other negative impacts due to violations of compliance norms in business management or employee conduct. During the reporting period, the Bank continued to improve its compliance management system and enhance employees' awareness of compliance. Businesses were operated in compliance with laws and regulations, and the momentum of steady development was sustained, with the overall compliance risk under control.

The Bank continued to oversee the review of compliance risks and internalize external regulations to prevent compliance risks from the source. During the reporting period, the Bank reviewed over 1,000 new rules and regulations, new products, new businesses and meeting materials, and issued more than 2,700 review opinions. The Bank continued to strengthen policy management and improve the policy system by carrying out comprehensive review and assessment of policies. It reinforced compliance risk monitoring, kept a close watch on changes in new regulatory rules, issued regulatory updates and risk alerts, and promoted comprehensive and accurate integration of external regulatory requirements with internal policies, products and business activities.

Money Laundering Risk

Money laundering risk refers to the risk arising from illegal activities such as money laundering, terrorist financing and proliferation financing caused by the use of business and products by criminals. The Bank strictly complied with AML laws and regulations, firmly established a risk-aware culture, actively fulfilled its AML obligations, and focused on enhancing the compliance and effectiveness of the Bank's AML efforts. During the reporting period, the Bank had no major money laundering risk events, and the money laundering risk was overall under control.

Upholding the risk-based AML management philosophy, the Bank continuously improved the money laundering risk governance framework, strengthened the development of system tools, and effectively integrated various money laundering risk prevention measures into business processes. It continued to improve the AML policy framework through developing and revising policies on suspicious transaction monitoring standards, customer due diligence compliance standards, sanctions compliance management, AML education and training, AML system management and AML data governance. It continuously conducted governance of basic customer identity information, strengthened the long-term mechanism for dynamic verification, alerts, updates and controls, and comprehensively improved the compliance and effectiveness of customer information. It further enhanced AML education, and organized themed publicity campaigns such as "Cooperate with Customer Due Diligence to Protect Your Legal Rights", guiding customers to actively fulfill their AML obligations. The Bank also deepened money laundering risk assessment with corporate-level self-assessment of money laundering risks completed, and improved the effectiveness of model-based alerts by exploring the application of machine learning and graph algorithm models. It continued to strengthen AML technology and data empowerment, and advanced the iteration and optimization of the AML system and the governance of source data.

Information Technology Risk

Information technology risk refers to the operational, legal, reputational and other risks caused by natural and human factors, technological loopholes and management flaws when applying information technology. During the reporting period, the operation of the Bank's information systems was overall stable, with no material security incident found, and various monitoring indicators of information technology risk were within a reasonable range.

The Bank strictly complied with information technology risk policies and relevant regulatory requirements. It focused on refined technology management, strengthened the coordination of technology policies and drove the restructuring and upgrading of the technology governance framework. The Bank conducted effective information technology risk monitoring and early warning, strictly implemented on-site inspections for information technology risks, and ensured effective identification and disposal of such risks. The Bank also improved its cybersecurity management system, established a collaborative protection model involving both business and technology departments, and strengthened the protection of key information infrastructures with no occurrence of cybersecurity incidents. Additionally, it built a solid data security protection barrier, promoted the classified and hierarchical control of data, and achieved full coverage of critical information systems. The Bank further refined and improved technology outsourcing management requirements and drove the establishment of unified standards for service provider assessments. The Bank strengthened its operation and maintenance infrastructure, enhanced intelligent operation and maintenance development, and reinforced business continuity management and emergency response capabilities to ensure the smooth operation of information systems. As a result, the technology risk control capabilities were effectively improved.

Reputational Risk

Reputational risk refers to the risk resulting from negative comments by stakeholders, the public, the media and other parties due to the Bank's institutional behaviors, employees' behaviors or external events, etc., which damages the brand value, adversely affects normal operations, and even affects market and social stability. During the reporting period, public opinions about the Bank remained overall positive, and no major reputational incident occurred. Through effective reputational risk management, the Bank created a favorable external public opinion environment for its transformation and development and the implementation of various key tasks while contributing to the healthy and stable development of the banking industry and the creation of a favorable online public opinion environment.

Upholding the reputational risk management concept of "addressing both symptoms and root causes, with a focus on root causes", the Bank strictly implemented regulatory requirements, continuously improved its reputational risk management mechanisms, and enhanced the quality and efficiency of reputational risk management. It conducted in-depth reputational risk inspections, implemented a list-based management approach for key reputational risk concerns, and strengthened preventive measures at the source. The Bank continuously optimized its ex ante assessment mechanism for reputational risks, steadily expanded the scope of assessments, and enhanced the Bank-wide awareness and capabilities for reputational risk prevention and control. It also focused on strengthening public opinion monitoring and response, properly handled reputation-related incidents and effectively safeguarded its brand reputation. Furthermore, it comprehensively strengthened reputational risk and public opinion training and drills, fostered a culture of reputational risk management, and improved professional competencies of relevant employees. It actively communicated its efforts in key areas such as the "five priorities" of the financial sector, support for the real economy, and services for rural revitalization, demonstrating the Bank's commitment to high-quality development through innovation and transformation, and its contribution to building a strong financial sector based on its market positioning, thus continuously enhancing its brand image and accumulating reputation capital.

Strategic Risk

Strategic risk refers to the risk arising from improper operational strategies or the changes in the external environment of commercial banks. During the reporting period, the Bank continued to improve its management and control over strategic risks, and the strategic risk was generally under control.

The Bank adhered to the philosophy of long-termism and sustainable development and diligently focused on the "five priorities" of the financial sector. It integrated its own resource endowment with services for key sectors of the real economy, and continuously built differentiated competitive strengths. The Bank comprehensively enhanced the level of refined management, deepened digital transformation, accelerated the upgrading of core systems, vigorously advanced organizational adjustments and centralized operations, and continually improved its ability to respond to cyclical risks. The Bank also comprehensively assessed the implementation of strategies, thoroughly identified and monitored strategic risk factors during strategy execution, conducted preliminary research for the 15th Five-Year Plan, and strengthened the foresight and stability of strategic management.

Country Risk

Country risk refers to the risk of the inability or refusal of debtors in a country or region to repay their debts owed to the bank, or commercial benefit loss or other losses suffered by the bank in that country or region due to changes and incidents occurring in its politics, economy and society. During the reporting period, the Bank's country risk exposure was mainly concentrated in countries or regions with low and relatively low country risk, and the level of risk was reasonable and controllable.

In the face of the complex international political and economic situation, the Bank strictly complied with regulatory requirements, revised its country risk management measures in accordance with new regulatory rules, and improved the top-level design of country risk management. It revised the single-country (region) country risk rating and limit plan, re-examined the country risk ratings and limits for single countries or regions, optimized the development of the country risk management system, and strengthened the monitoring and early warning of limit implementation. As a result, the Bank effectively controlled country risk.

Climate Risk

Climate risk refers to the potential adverse effects of climate change on the natural system and the economic and social system, mainly including physical risks and transition risks. Among them, physical risk refers to the risk of events such as climate anomalies and environmental pollution that may lead to severe damage to the balance sheets of enterprises, households, banks, insurance companies and other market entities, which in turn affects the financial system and the macro economy. Transition risk refers to the risk of repricing of high-carbon assets and financial losses due to significant tightening of relevant policies such as carbon emissions or technological innovations, in order to address climate change and promote low-carbon economic transformation. During the reporting period, the Bank's climate risk was controllable overall.

The Bank paid high attention to environmental and climate risks, and incorporated them into its comprehensive risk management framework for control. It formulated and issued management measures for ESG risk, incorporated environmental and climate risks into the whole-process credit management in terms of risk policy, risk limit, credit policy, customer rating, review and approval, disbursement management and post-lending management, and effectively identified, monitored and prevented ESG risk in business activities.

The Bank carried out stress tests of climate risk sensitivity for eight industries, including electric power, steel, building materials, petrochemicals, chemicals, papermaking, civil aviation and non-ferrous metal smelting, for three consecutive years to analyze the impact of rising carbon emission costs on the credit asset quality and capital adequacy of the Bank's holdings in high-carbon industries after the introduction of carbon costs. The test results showed that under the stress scenario, the credit risk of some high-carbon customers increased, but the impact on the Bank's capital adequacy level was generally controllable. The Bank deepened environmental and climate risk management, and conducted ESG and climate risk inspections for eight consecutive years to find out the real situation, handle them by category, and prevent and mitigate potential risks.

The Bank actively supported the green and low-carbon transformation of traditional industries to support their reasonable financing needs. It resolutely implemented the one-vote veto system for environmental assessment and curbed high-energy-consumption, high-emission and low-level projects. The Bank also improved the environmental information database, and incorporated details of environmental penalties and regulatory records for early warning customers over the past three years to accurately identify and manage environmental risks.

Risk Consolidated Management

Risk consolidated management refers to the continuous improvement of the comprehensive risk management framework of the Bank Group and its subsidiaries, and the management process of effectively identifying, measuring, monitoring and controlling the overall risk of the Bank Group. Pursuant to regulatory requirements, as at the end of the reporting period, the Bank's subsidiaries were all incorporated into its risk consolidated management framework, and the overall risks of the Bank Group were manageable.

The Bank strictly followed national policies and relevant regulatory requirements, firmly held the bottom line to ensure that no systemic risks arose, and continuously improved the risk consolidated management of the Bank Group. In accordance with the Bank Group's risk appetite plan, the Bank limited the risk of its subsidiaries within an acceptable range. It scientifically developed risk and compliance assessment plans and effectively implemented all requirements on risk limits and compliance to ensure that the business development is built on the foundation of compliant operations and effective risk control. The Bank continued to promote the systematic and automatic risk monitoring of subsidiaries and tracked their risk levels and management in a comprehensive and timely way. The Bank also strengthened risk isolation management of the Bank Group, improved the management mechanism for business collaboration, realized the coordination of business collaboration and risk isolation, and effectively prevented risk contagion among all institutions of the Bank Group.

Capital Management

The objective of the Bank's capital management is to maintain a stable and reasonable capital adequacy level, and continuously meet regulatory policies and macro-prudential requirements; comprehensively establish and apply a value management system centered on economic capital, strengthen capital constraints, and communicate the concept of value creation; and continuously consolidate the Bank's capital base, improve the capability to replenish capital from internal sources and proactively expand channels for external capital replenishment.

During the reporting period, the Bank continued to improve the management mechanism for the recovery and disposal plan based on its own operation situations, constantly improved the risk prevention and control ability, and strengthened the crisis management to maintain financial stability. The Bank continued to improve its capital management system, effectively implemented regulatory requirements, stepped up refined capital management, strictly implemented capital conservation, and smoothly promoted the transfer of assets such as trust beneficial rights and asset management plan income rights, effectively supporting the sustainable and healthy development of various businesses. As at the end of the reporting period, the Bank's capital indicators stayed within a reasonable range, and the capital adequacy ratios and the leverage ratio continued to meet all regulatory requirements including additional requirements for domestic systemically important banks and maintained at a sound and reasonable level.

The Bank fully implemented the requirements of the new rules on capital management, continuously enhanced the refined risk management and capital management, and strengthened the implementation effects comprehensively by focusing on tasks such as improving risk exposure classification, optimizing business processes and enhancing data quality. Moreover, the Bank worked to improve the structure of business and assets using risk-adjusted return on capital (RAROC) as the yardstick, strove to further refine the management of capital measurement, and supported the healthy, standardized and orderly business development.

Capital Planning and Capital Adequacy Ratio Management Plan

Pursuant to regulatory requirements, the Bank made capital planning in light of economic and financial situations, development strategies, risk appetite and other factors, and defined capital management objectives and management measures to ensure the Bank's capital adequacy ratios continue to meet regulatory requirements and are in line with long-term sustainable development and shareholder return requirements.

Capital Adequacy Ratio

According to the Rules on Capital Management of Commercial Banks, the Bank measured credit risk by standardized approach, market risk by standardized approach, and operational risk by standardized approach. As at the end of the reporting period, the CET1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 9.56%, 11.89% and 14.44%, respectively.

Capital Adequacy Ratio

In RMB million, except for percentages

	December 31, 2024		December 31, 2023	
Item[1]	The Group	The Bank	The Group	The Bank
Net CET1 capital	824,191	800,554	780,106	757,568
Net tier 1 capital	1,024,332	1,000,540	950,258	927,554
Net capital	1,244,111	1,219,215	1,165,404	1,141,720
Risk-weighted assets	8,617,743	8,533,934	8,187,064	8,119,361
Credit risk-weighted assets	8,057,517	7,993,424	7,680,735	7,628,202
Market risk-weighted assets	88,938	88,938	56,108	56,108
Operational risk-weighted assets	471,288	451,572	450,221	435,051
CET1 capital adequacy ratio (%)	9.56	9.38	9.53	9.33
Tier 1 capital adequacy ratio (%)	11.89	11.72	11.61	11.42
Capital adequacy ratio (%)	14.44	14.29	14.23	14.06

Note (1): Calculated in accordance with the Rules on Capital Management of Commercial Banks since 2024, and the data for the comparison periods of previous years was calculated in accordance with the Rules on Capital Management of Commercial Banks (Provisional).

Leverage Ratio

As at the end of the reporting period, the leverage ratio calculated by the Bank pursuant to the Rules on Capital Management of Commercial Banks was 5.72% which met the regulatory requirements. For the details of leverage ratio, please refer to "2024 Pillar 3 Disclosure Report on Capital Management of Postal Savings Bank of China Co., Ltd.".

Economic Capital Management

In accordance with the guidance of the new rules on capital management, the Bank continued to improve the refined management of economic capital and actively promoted the transformation and development with less capital consumption. It reinforced internal capital constraint, implemented capital saving and advanced the intensive use of capital. The Bank made efforts to improve the application of the capital allocation mechanism with RAROC as the core indicator, and increased resource allocation to businesses with high returns. It promoted the application of internal rating results in economic capital measurement, allocation and performance assessment in an orderly manner. The awareness of capital saving and value creation has been continuously enhanced across the Bank, and business structure has been continuously improved.

Capital Financing Management

On the basis of replenishing capital from internal sources through retained earnings, the Bank utilized a combination of external financing instruments to replenish its capital.

The Bank issued RMB30 billion write-down undated capital bonds in the National Interbank Bond Market in March 2024 and February 2025, respectively, with all proceeds used to replenish additional tier 1 capital in accordance with applicable laws and approval of the competent authorities.

Corporate Governance

Scan the QR code to watch the PSBC promotional video "Supporting the East Pole in China"

Changes in Share Capital and Shareholdings of Shareholders

Ordinary Shares

As at the end of the reporting period, the total number of ordinary shares of the Bank amounted to 99,161,076,038, including 79,304,909,038 A shares and 19,856,167,000 H shares, accounting for 79.98% and 20.02% of all shares respectively.

Details of Changes in Shares

Share, except for percentages

	As at December 31, 2023		Increase/decrease (+, -) during the reporting period					As at December 31, 2024	
	Number of shares	Percentage (%)	Issuance of new shares	Issuance of bonus shares	Transferred from reserve	Others	Subtotal	Number of shares	Percentage (%)
I. Shares subject to selling restrictions	12,182,513,838	12.29	–	–	–	–	–	12,182,513,838	12.29
1. Shareholdings of the State	–	–	–	–	–	–	–	–	–
2. Shareholdings of state-owned legal entities	12,182,513,838	12.29	–	–	–	–	–	12,182,513,838	12.29
3. Other domestic shareholdings	–	–	–	–	–	–	–	–	–
Including: Shareholdings of domestic non-state-owned legal entities	–	–	–	–	–	–	–	–	–
Shareholdings of domestic natural persons	–	–	–	–	–	–	–	–	–
4. Foreign shareholdings	–	–	–	–	–	–	–	–	–
Including: Shareholdings of foreign legal entities	–	–	–	–	–	–	–	–	–
Shareholdings of foreign natural persons	–	–	–	–	–	–	–	–	–
II. Circulating shares not subject to selling restrictions	86,978,562,200	87.71	–	–	–	–	–	86,978,562,200	87.71
1. RMB ordinary shares	67,122,395,200	67.69	–	–	–	–	–	67,122,395,200	67.69
2. Domestically listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas listed foreign shares	19,856,167,000	20.02	–	–	–	–	–	19,856,167,000	20.02
4. Others	–	–	–	–	–	–	–	–	–
III. Total ordinary shares	99,161,076,038	100	–	–	–	–	–	99,161,076,038	100

Changes in Ordinary Shares

There were no changes in the Bank's ordinary shares during the reporting period and from the end of the reporting period up to the disclosure date of this report.

Changes in Shares Subject to Selling Restrictions

Share

Name of shareholder	Number of shares subject to selling restrictions at the beginning of 2024	Shares released from selling restrictions in 2024	Increase in shares subject to selling restrictions in 2024	Number of shares subject to selling restrictions at the end of the reporting period	Reason for selling restrictions	Date of release from selling restrictions
China Post Group Corporation Limited	5,405,405,405	–	–	5,405,405,405	Commitments on selling restrictions of non-public issuance of A shares in 2021	March 25, 2026
China Mobile Communications Group Co., Ltd.	6,777,108,433	–	–	6,777,108,433	Commitments on selling restrictions of non-public issuance of A shares in 2023	March 28, 2028
Total	12,182,513,838	–	–	12,182,513,838	/	/

Number of Shareholders and Shareholdings

As at the end of the reporting period, the Bank had a total number of 140,550 ordinary shareholders (including 138,167 A-share holders and 2,383 H-share holders) and no holders of preference shares with voting rights restored or holders of special voting shares.

As at February 28, 2025, the Bank had a total number of 154,277 ordinary shareholders (including 151,904 A-share holders and 2,373 H-share holders) and no holders of preference shares with voting rights restored or holders of special voting shares.

Shareholdings of Top Ten Ordinary Shareholders

Share, except for percentages

Name of shareholder	Number of shares held	Shareholding percentage (%)	Number of shares subject to selling restrictions	Number of shares pledged, marked or locked-up	Nature of shareholder	Type of ordinary shares
China Post Group Corporation Limited	62,255,549,280	62.78	5,405,405,405	–	State-owned legal entity	A shares and H shares
HKSCC Nominees Limited	19,843,238,300	20.01	–	Unknown	Foreign legal entity	H shares
China Mobile Communications Group Co., Ltd.	6,777,108,433	6.83	6,777,108,433	–	State-owned legal entity	A shares
China Telecommunications Corporation Limited	1,117,223,218	1.13	–	–	State-owned legal entity	A shares
Hong Kong Securities Clearing Company Limited	907,251,682	0.91	–	–	Foreign legal entity	A shares
China Life Insurance Company Limited	883,124,105	0.89	–	–	State-owned legal entity	A shares
Industrial and Commercial Bank of China – SSE 50 Exchange-traded Open-end Index Securities Investment Fund	208,600,866	0.21	–	–	Others	A shares
Ping An Life Insurance Company of China, Ltd. – Self-owned funds	195,563,702	0.20	–	–	Others	A shares
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	191,612,800	0.19	–	–	Others	A shares
China Construction Bank Corporation – E Fund CSI 300 Exchange-traded Open-end Index Initiated Securities Investment Fund	132,231,347	0.13	–	–	Others	A shares

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

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

Note (3): HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited (HKSCC). Apart from this, the Bank is not aware of any connected relations among the aforementioned shareholders or whether they constitute persons acting in concert as stipulated in the Administrative Measures for the Takeover of Listed Companies.

Note (4): Except for HKSCC Nominees Limited, whose participation in margin trading, short selling or refinancing was unknown to the Bank, the rest of the top ten ordinary shareholders of the Bank did not participate in margin trading or short selling.

Note (5): The above shareholders do not have special repurchase accounts nor do they involve delegation/entrustment of voting rights, abstention of voting rights, nor do any strategic investor or general legal entity become the top ten ordinary shareholders due to the participation in placement of new shares.

Changes in Share Capital and Shareholdings of Shareholders

Shareholdings of the Top Ten Shareholders Not Subject to Selling Restrictions

Share

Name of shareholder	Number of circulating shares held not subject to selling restrictions	Type and number of shares: Type	Type and number of shares: Number
China Post Group Corporation Limited	56,850,143,875	A shares	56,769,443,875
		H shares	80,700,000
HKSCC Nominees Limited	19,843,238,300	H shares	19,843,238,300
China Telecommunications Corporation Limited	1,117,223,218	A shares	1,117,223,218
Hong Kong Securities Clearing Company Limited	907,251,682	A shares	907,251,682
China Life Insurance Company Limited	883,124,105	A shares	883,124,105
Industrial and Commercial Bank of China – SSE 50 Exchange-traded Open-end Index Securities Investment Fund	208,600,866	A shares	208,600,866
Ping An Life Insurance Company of China, Ltd. – Self-owned funds	195,563,702	A shares	195,563,702
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	191,612,800	A shares	191,612,800
China Construction Bank Corporation – E Fund CSI 300 Exchange-traded Open-end Index Initiated Securities Investment Fund	132,231,347	A shares	132,231,347
Shanghai International Port (Group) Co., Ltd.	112,539,226	A shares	112,539,226

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

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

Note (3): HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited (HKSCC). Apart from this, the Bank is not aware of any connected relations among the aforementioned shareholders or whether they constitute persons acting in concert as stipulated in the Administrative Measures for the Takeover of Listed Companies.

Note (4): Except for HKSCC Nominees Limited, whose participation in margin trading, short selling or refinancing was unknown to the Bank, the rest of the top ten shareholders not subject to selling restrictions of the Bank did not participate in margin trading or short selling.

Note (5): The above shareholders do not have special repurchase accounts nor do they involve delegation/entrustment of voting rights, abstention of voting rights, nor do any strategic investor or general legal entity become the top ten shareholders not subject to selling restrictions due to the participation in placement of new shares.

Lending of Shares by Shareholders Holding More Than 5% of Shares, Top 10 Shareholders and Top 10 Shareholders of Circulating Shares Not Subject to Selling Restrictions through Participation in Refinancing

Share, except for percentages

Name of shareholder	Shares held in common accounts and credit accounts at the beginning of the reporting period		Shares lent through refinancing and unreturned at the beginning of the reporting period		Shares held in common accounts and credit accounts at the end of the reporting period		Shares lent through refinancing and unreturned at the end of the reporting period	
	Number in aggregate	Percentage (%)	Number in aggregate	Percentage (%)	Number in aggregate	Percentage (%)	Number in aggregate	Percentage (%)
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund	82,568,700	0.08	120,100	0.00	191,612,800	0.19	–	–
China Construction Bank Corporation – E Fund CSI 300 Exchange-traded Open-end Index Initiated Securities Investment Fund	31,021,900	0.03	118,000	0.00	132,231,347	0.13	–	–

Changes of Top 10 Shareholders and Top 10 Shareholders of Circulating Shares Not Subject to Selling Restrictions Compared to the Previous Period due to Reasons Related to Shares Lent/Returned through Refinancing

Share, except for percentages

Name of shareholder (full name)	Addition/exit during the reporting period	Number of shares lent through refinancing and unreturned at the end of the reporting period		Number of shares held in the shareholders' common accounts and credit accounts and shares lent through refinancing and unreturned at the end of the reporting period	
		Number in aggregate	Percentage (%)	Number in aggregate	Percentage (%)
Industrial and Commercial Bank of China – SSE 50 Exchange-traded Open-end Index Securities Investment Fund	Addition	–	–	208,600,866	0.21
Ping An Life Insurance Company of China, Ltd. – Self-owned funds	Addition	–	–	195,563,702	0.20
China Construction Bank Corporation – E Fund CSI 300 Exchange-traded Open-end Index Initiated Securities Investment Fund	Addition	–	–	132,231,347	0.13
National Social Security Fund Portfolio 108	Exit	–	–	111,803,444	0.11
New China Life Insurance Co., Ltd. – Traditional – General Insurance Products – 018L – CT001 Shanghai	Exit	–	–	82,730,054	0.08
Shanghai Pudong Development Bank Co., Ltd. – E Fund Yufeng Return Bond Fund	Exit	–	–	28,670,835	0.03

Changes in Share Capital and Shareholdings of Shareholders

Shareholdings of the Top Ten Shareholders Subject to Selling Restrictions

Share

Name of shareholder	Number of shares subject to selling restrictions	Conditions for listing and trading of shares subject to selling restrictions: Date on which listing and trading may commence	Conditions for listing and trading of shares subject to selling restrictions: Number of new shares allowed to be listed and traded	Selling restrictions
China Post Group Corporation Limited	5,405,405,405	March 25, 2026	–	5 years since share acquisition after the non-public issuance of A shares of the Bank in 2021
China Mobile Communications Group Co., Ltd.	6,777,108,433	March 28, 2028	–	5 years since share acquisition after the non-public issuance of A shares of the Bank in 2023

Shareholdings by the Directors, Supervisors and Senior Management Members

During the reporting period, the shareholdings by the Directors, Supervisors and senior management members of the Bank remained unchanged. As at the disclosure date of this report, none of the Directors, Supervisors and senior management members of the Bank held any shares of the Bank.

Substantial Shareholders

According to the Interim Measures on Equity Management of Commercial Banks published by the former CBRC, China Post Group and China Mobile Communications Group Co., Ltd. are substantial shareholders of the Bank as each of them holds more than 5% of interest in the Bank; Shanghai International Port (Group) Co., Ltd. and China State Shipbuilding Corporation Limited are substantial shareholders of the Bank as each of them designates Directors to the Bank.

Basic Information of Substantial Shareholders

There was no change in the controlling shareholder or de facto controller of the Bank during the reporting period.

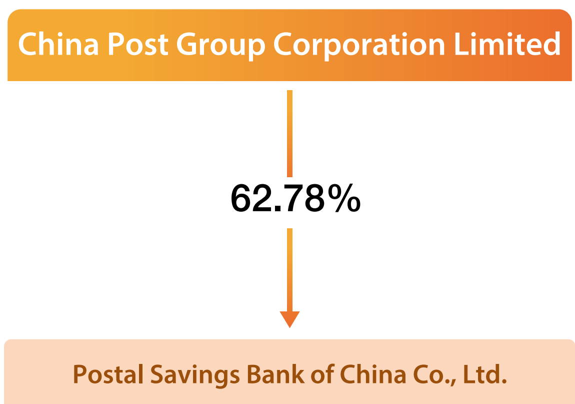
Controlling Shareholder and De Facto Controller

The controlling shareholder and de facto controller of the Bank is China Post Group. China Post Group Corporation Limited, a wholly state-owned enterprise incorporated in accordance with the Company Law of the People's Republic of China, was established on October 4, 1995, and was officially restructured into China Post Group Corporation Limited on December 17, 2019. It engages in various postal businesses in accordance with law, undertakes the obligations of general postal services and provides special postal services entrusted by the government. China Post Group has a registered capital of RMB137.6 billion. Its registered address is No. 3 Financial Street, Xicheng District, Beijing. Its unified social credit code is 911000000000192465 and legal representative is Mr. Liu Aili. China Post Group is principally engaged in domestic and international mail delivery, distribution of publications such as newspapers and journals, stamp issuance, postal remittance, operation of postal savings business in accordance with law, confidential correspondence, postal financial business, emerging business such as postal logistics and e-mail, e-commerce, agency business and other businesses as stipulated by the state.

Other domestic and overseas listed companies directly held by China Post Group as at the end of the reporting period are listed below:

No.	Name of institution	Shareholding percentage	Stock exchange
1	Bank of Communications Co., Ltd.	0.0847%	SSE, Hong Kong Stock Exchange
2	Shanghai Pudong Development Bank Co., Ltd.	0.5370%	SSE
3	China Merchants Bank Co., Ltd.	0.0837%	SSE, Hong Kong Stock Exchange
4	New Guomai Digital Culture Co., Ltd.	0.1846%	SSE
5	Shenergy Company Limited	0.0059%	SSE
6	Orient Securities Company Limited	2.6927%	SSE, Hong Kong Stock Exchange
7	China Merchants Securities Co., Ltd.	0.0278%	SSE, Hong Kong Stock Exchange
8	Industrial Bank Co., Ltd.	0.1094%	SSE
9	China Pacific Insurance (Group) Co., Ltd.	0.0018%	SSE, Hong Kong Stock Exchange
10	Petrochina Company Limited	0.0004%	SSE, Hong Kong Stock Exchange
11	COSCO SHIPPING Development Co., Ltd.	0.0025%	SSE, Hong Kong Stock Exchange
12	China Coal Energy Company Limited	0.0025%	SSE, Hong Kong Stock Exchange
13	Yangmei Chemical Co., Ltd.	0.0556%	SSE
14	Southwest Securities Company Ltd.	0.1361%	SSE
15	Bank of Chongqing Co., Ltd.	0.1349%	SSE, Hong Kong Stock Exchange

As at the end of the reporting period, China Post Group directly held 62,174,849,280 A shares and 80,700,000 H shares of the Bank, with a shareholding percentage of 62.78%. The property right relationship between the Bank and China Post Group, the controlling shareholder and de facto controller, is as follows:



Other Substantial Shareholders

China Mobile Communications Group Co., Ltd. ("China Mobile Group") is a wholly state-owned enterprise established under the Company Law of the People's Republic of China by the state with a registered capital of RMB300 billion. Its registered address is No. 29 Financial Street, Xicheng District, Beijing. Its unified social credit code is 911100007109250324, and the legal representative is Yang Jie. China Mobile Group, a central state-owned enterprise established on July 22, 1999 in accordance with the overall plan of the national telecommunications system reform, is the world's largest mobile communications service provider with over 900 million mobile users and over 200 million household customers. China Mobile Group is principally engaged in basic telecommunications business, value-added telecommunications business and innovative digital services such as digital media content and information solutions. As a unit which holds the license for operating international networking of computer information and international communication accesses, China Mobile Group is able to provide quality products and services related to information and communication, and integrated information solutions to individuals, families, government, enterprises and other customers.

Changes in Share Capital and Shareholdings of Shareholders

Shanghai International Port (Group) Co., Ltd. ("SIPG"), the operator of public terminals in the Port of Shanghai, is a large specialized business group established in January 2003 by restructuring the former Shanghai Port Administration Bureau. In June 2005, SIPG was transformed into a joint-stock limited liability company after completion of the conversion into a joint-stock company, and was listed on SSE on October 26, 2006, becoming the first joint-stock port company listed as a whole in China. It is now the largest public company in the port industry in China and is also one of the largest port companies in the world. The registered capital of SIPG is approximately RMB23,281 million. SIPG has its registered address at 4/F, Area A, Comprehensive Building, No. 1 Tonghui Road, Lin-Gang Special Area of China (Shanghai) Pilot Free Trade Zone, and its headquarters at No. 358 (International Port Building) East Daming Road, Hongkou District, Shanghai. Its unified social credit code is 913100001322075806, and the legal representative is Mr. Gu Jinshan. Its de facto controller is Shanghai State-owned Assets Supervision and Administration Commission. SIPG is mainly engaged in port-related business including container services, bulk cargo services, port logistics and port services.

China State Shipbuilding Corporation Limited ("CSSC") is a wholly state-owned enterprise established on November 8, 2019 under the Company Law of the People's Republic of China by the state with a registered capital of RMB110 billion. Its registered address is No. 889 Zhonghua Road, Huangpu District, Shanghai and its unified social credit code is 91310000MA1FL70B67 and the legal representative is Xu Peng. CSSC has the largest shipbuilding and repair base in China and the most complete research and development capacity for shipping and supporting products. It is the world's largest shipbuilding group capable of designing and building shipping and marine equipment that meet the requirements of global classification societies, international general technical standards and safety conventions. CSSC is principally engaged in the research, development and production of naval products, merchant ships and supporting facilities as well as non-marine equipment, and is one of the Global 500 companies in China's shipping industry.

Pledging of the Bank's Shares by Its Substantial Shareholders

As at the end of the reporting period, CSSC pledged 680,000,000 ordinary shares of the Bank, accounting for 0.69% of the total share capital of the Bank, and there was no share pledge by other substantial shareholders of the Bank.

Other Legal Entity Shareholders Holding 10% or More of the Bank's Shares

Save for China Post Group, as at the end of the reporting period, the Bank had no other legal entity shareholders[1] holding 10% or more of its shares.

Related Parties of Substantial Shareholders and Connected Transactions

About 1,700 institutions including the above-mentioned substantial shareholders and their controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries are regarded as related parties of the Bank. During the reporting period, the types of transactions between the Bank and the above-mentioned related parties mainly included credit extension, asset transfer, service provision, etc. These connected transactions were included in the routine connected transaction management of the Bank and submitted to the Board of Directors and its Related Party Transactions Control Committee for approval or kept on record.

For details on the Bank's connected transactions with substantial shareholders and their related parties, please refer to "Connected Transactions and the Implementation of the Management System for Connected Transactions" and "Notes to the Consolidated Financial Statements – 40 Relationship and transactions with related parties".

1 Excluding HKSCC Nominees Limited

Interests and Short Positions Held by Substantial Shareholders and Other Persons

As at the end of the reporting period, so far as was known to the Directors, Supervisors and President of the Bank, save as disclosed below, there were no other persons (other than the Directors, Supervisors and President of the Bank) or companies who had interests or short positions in the shares or underlying shares of the Bank which were required to be disclosed to the Bank and Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Share, except for percentages

Name of shareholder	Capacity	Class of shares	Relevant interests and short positions	Nature of interests	Percentage of issued class shares (%)	Percentage of total issued shares (%)
China Post Group Corporation Limited	Beneficial owner	A shares	62,174,849,280	Long position	78.40	62.70
	Beneficial owner	H shares	80,700,000	Long position	0.41	0.08
China Mobile Communications Group Co., Ltd.	Beneficial owner	A shares	6,777,108,433	Long position	8.55	6.83
Shanghai International Port (Group) Co., Ltd.	Beneficial owner and interest of controlled corporations	H shares	3,982,813,041	Long position	20.06	4.02
	Beneficial owner	A shares	112,539,226	Long position	0.14	0.11
China State Shipbuilding Corporation Limited	Interest of controlled corporations	H shares	3,939,907,462	Long position	19.84	3.97
BNP PARIBAS SA	Interest of controlled corporations	H shares	1,545,250,830	Long position	7.78	1.56
	Interest of controlled corporations	H shares	197,955,033	Short position	1.00	0.20
China National Tobacco Corporation	Beneficial owner	H shares	1,296,000,000	Long position	6.53	1.31
Li Lu	Interest of controlled corporations	H shares	1,178,202,000	Long position	5.93	1.19
Ping An Asset Management Co., Ltd.	Investment manager	H shares	994,250,000	Long position	5.00	1.00
Ping An Insurance (Group) Company of China, Ltd.	Interest of controlled corporations	H shares	993,048,000	Long position	5.00	1.00
CITIC Securities Company Limited	Interest of controlled corporations	H shares	1,652,007,744	Long position	8.32	1.67
	Interest of controlled corporations	H shares	2,595,731,797	Short position	13.07	2.62

Note (1): The information disclosed above is based on the information provided on the website of Hong Kong Stock Exchange and the information available to the Bank at the end of the reporting period. Pursuant to Section 336 of the SFO, shareholders of the Bank are required to file a disclosure of interests form when certain criteria are met. When a shareholder's shareholding in the Bank changes, the shareholder is not required to inform the Bank and Hong Kong Stock Exchange unless certain criteria are met, therefore the shareholder's latest shareholding in the Bank may differ from the shareholding filed with Hong Kong Stock Exchange.

Note (2): Shanghai International Port (Group) Co., Ltd. is interested in a total of 3,982,813,041 H shares (long position), including 617,192,000 H shares (long position) held by it as the beneficial owner, 3,215,660,360 H shares (long position) held by the controlled corporation Shanghai International Port Group (HK) Co., Limited as the beneficial owner, and 149,960,681 H shares (long position) indirectly held by the controlled corporation Shanghai International Port Group (HK) Co., Limited through Shanghai Port Group (BVI) Holding Co., Limited as the beneficial owner.

Note (3): China State Shipbuilding Corporation Limited is interested in a total of 3,939,907,462 H shares (long position), including 3,777,884,462 H shares (long position) indirectly held by controlled corporations, namely China Shipbuilding Industry Corporation, China Shipbuilding & Offshore International Co., Limited, China Shipbuilding & Offshore International (H.K.) Co., Limited and China Shipbuilding Capital Limited through CSIC Investment One Limited as the beneficial owner, and 162,023,000 H shares (long position) indirectly held by the controlled corporation China Shipbuilding Industry Corporation through China Shipbuilding Capital Limited as the beneficial owner.

Note (4): BNP PARIBAS SA is deemed to be interested in a total of 1,545,250,830 H shares (long position) and 197,955,033 H shares (short position) as it controls several enterprises, including 1,297,692,946 H shares (long position) available for lending, 116,837,789 H shares (long position) and 106,540,595 H shares (short position) owned through holding listed derivatives of convertible instruments, and 57,041,925 H shares (long position) owned through holding cash-settled unlisted derivatives.

Note (5): Li Lu is interested in 1,178,202,000 H shares (long position) indirectly held by the controlled corporation LL Group, LLC through Himalaya Capital Investors, L.P. as the beneficial owner. Himalaya Capital Management LLC is interested in the 1,178,202,000 H shares (long position) as the investment manager.

Note (6): Ping An Insurance (Group) Company of China, Ltd. ("Ping An Group") is interested in a total of 993,048,000 H shares (long position), including 944,192,000 H shares (long position), 43,647,000 H shares (long position) and 5,209,000 H shares (long position) held by controlled corporations, namely Ping An Life Insurance Company of China, Ltd., Ping An Property & Casualty Insurance Company of China, Ltd. and Ping An Health Insurance Company of China, Ltd. as the beneficial owner, respectively, which were the last interests that Ping An Group needed to report as at December 31, 2024 (the date of the relevant event is December 27, 2024). Ping An Asset Management Co., Ltd. ("Ping An Asset Management") is interested in 994,250,000 H Shares (long position), which were held by Ping An Asset Management on behalf of certain customers (including but not limited to subsidiaries of Ping An Group) in its capacity as investment manager, and were the last interests that Ping An Asset Management needed to report as at December 31, 2024 (the date of the relevant event is December 24, 2024). Ping An Asset Management is a subsidiary of Ping An Group. As Ping An Asset Management is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Group, Ping An Group is exempted from disclosure of interests in shares held by Ping An Asset Management that are not held by Ping An Group, as a holding company in accordance with the Securities and Futures Ordinance of Hong Kong.

Note (7): CITIC Securities Company Limited is deemed to be interested in a total of 1,652,007,744 H shares (long position) and 2,595,731,797 H shares (short position) as it controls several enterprises, including 26,427,459 H shares (long position) and 1,297,173,870 H shares (short position) owned through holding listed derivatives of convertible instruments, 327,826,130 H shares (long position) and 1,297,753,870 H shares (short position) held through holding unlisted derivatives delivered in kind, and 804,057 H shares (short position) owned through holding cash-settled unlisted derivatives.

Changes in Share Capital and Shareholdings of Shareholders

Issuance and Listing of Securities

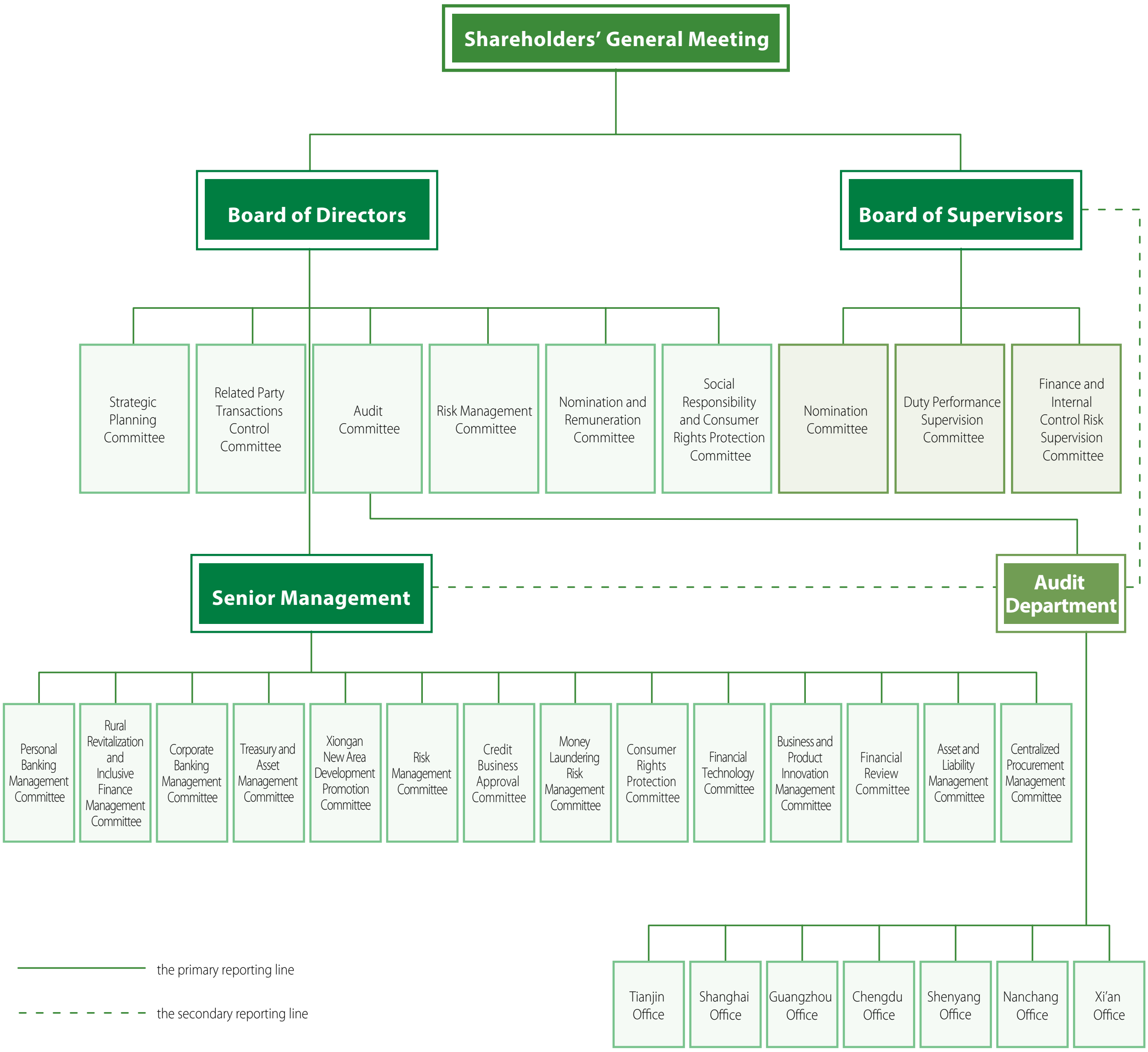
During the reporting period, the Bank did not issue any new ordinary shares.

For the details of the issuance of other securities of the Bank, please refer to "Notes to the Consolidated Financial Statements – 33 Debt securities issued" and "Notes to the Consolidated Financial Statements – 35.2 Other equity instruments".

The Bank has no employee stocks.

Corporate Governance

Corporate Governance Chart



Corporate Governance

Corporate Governance Code

During the reporting period, the Bank complied with laws and regulations, requirements for corporate governance put forth by the NFRA, CSRC, SSE and other regulatory authorities as well as the principles and code provisions of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules. It continuously pursued best practices in corporate governance, promoted the organic integration of the Party's leadership and corporate governance, constantly improved the corporate governance structure and mechanisms, and deeply cultivated the corporate governance culture. All corporate governance entities had clear rights and responsibilities, performed their respective duties, operated in a coordinated manner, and effectively checked and balanced each other. The scientific nature, soundness and effectiveness of corporate governance were continuously enhanced.

Shareholders' Rights

Convening of an Extraordinary Shareholders' General Meeting

The Bank protects shareholders' rights in strict compliance with the regulatory requirements and the Articles of Association. Shareholders who individually or collectively hold more than 10% of the total voting shares of the Bank (the "Requesting Shareholders") are entitled to request the Board of Directors to convene an extraordinary shareholders' general meeting. The Board of Directors shall reply in writing as to whether it agrees or refuses to convene such a meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary shareholders' general meeting, a notice of such a meeting shall be issued within 5 days after relevant resolution of the Board of Directors is passed. Consent of the Requesting Shareholders must be sought if there are any changes to the original proposal in the notice. If the Board of Directors does not agree to convene an extraordinary shareholders' general meeting, or fails to provide feedback within 10 days upon receipt of the proposal, the Requesting Shareholders have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' general meeting and shall submit such proposal to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene an extraordinary shareholders' general meeting, a notice of such a meeting shall be issued within 5 days upon receipt of the proposal. Consent of the Requesting Shareholders must be sought if there are any changes to the original proposal in the notice.

If the Board of Supervisors fails to issue the notice of the extraordinary shareholders' general meeting within the specified period, it is deemed that such a meeting will not be convened or presided over by the Board of Supervisors, and shareholders who individually or collectively hold more than 10% of the Bank's shares for over 90 consecutive days have the right to convene and preside over the meeting on their own initiative.

Convening of an Extraordinary Board Meeting

The Requesting Shareholders are entitled to propose the convening of an extraordinary board meeting to the Chairman of the Board of Directors. The Chairman should convene and chair the extraordinary board meeting within 10 days upon receipt of the proposal.

Enquiries to the Board of Directors

Shareholders of the Bank have the right to access information and are entitled, in accordance with laws, administrative regulations, departmental rules, and the Articles of Association, to obtain relevant information including the Articles of Association of the Bank, the share capital, the latest audited financial statement, reports of the Board of Directors and of the Board of Supervisors, and minutes of Shareholders' General Meetings. Shareholders who request access to information or request documents shall provide the Bank with written documents evidencing the class and number of shares held by them in the Bank, and the Bank shall provide such information or documents as requested upon verification of such shareholders' identities. The Office of the Board of Directors shall be responsible for assisting the Board of Directors with its daily matters. Shareholders can contact the Office of the Board of Directors for any enquiries.

Proposals to the Shareholders' General Meeting

Pursuant to relevant requirements, shareholders who hold individually or collectively more than 1% of the total voting shares of the Bank have the right to propose Independent Non-executive Director candidates and External Supervisor candidates to the Shareholders' General Meeting. Shareholders who hold individually or collectively more than 1% of shares of the Bank have the right to submit interim proposals to the Board of Directors in writing up to 10 days before the Shareholders' General Meeting. The Board of Directors shall issue a supplemental notice on the Shareholders' General Meeting within 2 days upon receipt of such proposals.

Proposals to the Board of Directors

The Requesting Shareholders are entitled to submit proposals to the Board of Directors.

Shareholders' General Meeting

During the reporting period, the Bank held one Annual Shareholders' General Meeting and two Extraordinary Shareholders' General Meetings in total, with 26 proposals reviewed and approved and 4 reports listened to. Details are as follows:

Meeting	Date	Websites for publishing resolutions	Disclosure date of resolutions	Meeting resolutions
2023 Annual Shareholders' General Meeting	June 28, 2024	The announcement on resolutions was published on the websites of SSE (www.sse.com.cn), HKEX (www.hkexnews.hk) and the Bank on June 28, 2024.	June 28, 2024	See the announcements on the resolutions and poll results of the Shareholders' General Meeting
First Extraordinary General Meeting in 2024	October 25, 2024	The announcement on resolutions was published on the websites of SSE (www.sse.com.cn), HKEX (www.hkexnews.hk) and the Bank on October 25, 2024.	October 25, 2024	See the announcements on the resolutions and poll results of the Shareholders' General Meeting
Second Extraordinary General Meeting in 2024	December 20, 2024	The announcement on resolutions was published on the websites of SSE (www.sse.com.cn), HKEX (www.hkexnews.hk) and the Bank on December 20, 2024.	December 20, 2024	See the announcements on the resolutions and poll results of the Shareholders' General Meeting

On June 28, 2024, the Bank held the 2023 Annual Shareholders' General Meeting in Beijing. The meeting reviewed and approved 19 proposals, including the proposals on the final financial accounts for 2023, the profit distribution plan for 2023, the revision of the equity management measures, and the re-election and election of directors. The meeting also listened to four reports, including the Independent Directors' Debriefing Report in 2023, the Report on the Evaluation of the Substantial Shareholder in 2023, the Report on the Implementation of the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors in 2023, and the Special Report on Related Party Transactions in 2023.

Corporate Governance

On October 25, 2024, the Bank held the First Extraordinary General Meeting in 2024 in Beijing, where it reviewed and approved four proposals, including the Appointment of the Accounting Firm for 2024, the Adjustment of Agency Deposit Business Savings Agency Fee Pricing, and the Election of Directors.

On December 20, 2024, the Bank held the Second Extraordinary General Meeting in 2024 in Beijing, where it reviewed and approved three proposals, including the 2024 Interim Profit Distribution Plan, the 2023 Director Remuneration Settlement Plan, and the 2023 Supervisor Remuneration Settlement Plan.

The aforementioned Shareholders' General Meetings were convened and held in strict accordance with relevant laws, regulations and the listing rules of the Chinese mainland and Hong Kong. Directors, Supervisors, and senior management members of the Bank attended or sat in on the meetings and exchanged views with shareholders on matters of their concern. The Bank issued relevant announcements on resolutions and legal advice in a timely manner in accordance with the regulatory requirements. For details, please refer to the announcement of the Bank.

In order to protect the rights of minority shareholders to access information, participate, and make decisions, the Shareholders' General Meeting was held in the form of on-site meeting, and an A-share online voting was provided to promote in-depth communication and exchange with shareholders, especially minority shareholders, effectively protecting the rights and interests of shareholders.

Directors, Supervisors and Senior Management

Basic Information

Name	Title	Gender	Date of birth	Tenure
Directors				
Zheng Guoyu	Chairman	Male	September 1967	February 2025 – February 2028
	Non-executive Director			February 2025 – February 2028
Liu Jianjun	Executive Director	Male	August 1965	August 2021 – June 2027
	President			August 2021 – now
Yao Hong	Executive Director	Female	October 1966	August 2016 – June 2027
	Vice President			December 2006 – now
	Chief Risk Officer			May 2023 – now
Han Wenbo	Non-executive Director	Male	December 1966	May 2017 – now
Chen Donghao	Non-executive Director	Male	June 1964	July 2021 – now
Liu Xin'an	Non-executive Director	Male	January 1968	September 2024 – September 2027
Zhang Xuanbo	Non-executive Director	Male	February 1968	September 2024 – September 2027
Hu Yuting	Non-executive Director	Male	September 1979	September 2024 – September 2027
Ding Xiangming	Non-executive Director	Male	October 1968	October 2017 – June 2027
Yu Mingxiong	Non-executive Director	Male	January 1977	September 2024 – September 2027
Wen Tiejun	Independent Non-executive Director	Male	May 1951	October 2019 – October 2025
Chung Shui Ming Timpson	Independent Non-executive Director	Male	November 1951	October 2019 – October 2025

Name	Title	Gender	Date of birth	Tenure
Pan Yingli	Independent Non-executive Director	Female	June 1955	December 2019 – November 2025
Tang Zhihong	Independent Non-executive Director	Male	March 1960	March 2023 – March 2026
Hong Xiaoyuan	Independent Non-executive Director	Male	March 1963	October 2024 – October 2027
Supervisors				
Chen Yuejun	Chairman of the Board of Supervisors	Male	June 1965	January 2013 – now
	Shareholder Representative Supervisor			December 2012 – now
Bai Jianjun	External Supervisor	Male	July 1955	October 2019 – now
Chen Shimin	External Supervisor	Male	July 1958	December 2019 – now
Li Yue	Employee Supervisor	Male	March 1972	December 2012 – July 2025
Gu Nannan	Employee Supervisor	Male	July 1969	June 2021 – now
Senior Management Members				
Liu Jianjun	See "Directors" above			
Yao Hong	See "Directors" above			
Xu Xueming	Vice President	Male	July 1967	January 2013 – now
Du Chunye	Vice President	Male	May 1977	July 2020 – now
	Secretary to the Board of Directors			April 2017 – now
	Joint Company Secretary			March 2017 – now
Niu Xinzhuang	Vice President	Male	July 1976	June 2023 – now
	Chief Information Officer			July 2020 – now
Hu Jianpo	Secretary of the Commission for Discipline Inspection	Male	January 1972	October 2024 – now
Liang Shidong	Retail Business Director	Male	January 1976	July 2023 – now
Resigned Personnel				
Wei Qiang	Former Non-executive Director	Male	August 1963	May 2021 – September 2024
Huang Jie	Former Non-executive Director	Male	January 1969	January 2024 – September 2024
Liu Yue	Former Non-executive Director	Male	March 1962	December 2017 – September 2024
Hu Xiang	Former Independent Non-executive Director	Male	November 1975	October 2017 – October 2024
Zhao Yongxiang	Former Shareholder Representative Supervisor	Male	February 1964	May 2016 – March 2024
Wang Fei	Former Secretary of the Commission for Discipline Inspection	Female	October 1972	April 2023 – October 2024

Note (1): According to laws, regulations, and the Articles of Association of the Bank, the Directors and Supervisors of the Bank may be re-elected for consecutive terms after their current term expires. Before the newly elected Directors and Supervisors take office, the former Directors and Supervisors shall continue to perform their duties.

Note (2): During the reporting period, none of the Directors, Supervisors, and senior management members of the Bank held any share options or were granted restricted shares of the Bank.

Positions Taken by Directors, Supervisors and Senior Management Members at Shareholder Companies

Name	Name of the shareholder company	Positions held in the shareholder company	Term of office
Zheng Guoyu	China Post Group	Director	March 2023 – now
		President	March 2023 – now
		Chief Compliance Officer	May 2023 – now
Liu Jianjun	China Post Group	Vice President	May 2021 – now
Han Wenbo	China Post Group	Board Member	February 2021 – now
Chen Donghao	China Post Group	Board Member	February 2021 – April 2024
Liu Xin'an	China Post Group	Board Member	April 2024 – now
Ding Xiangming	SIPG	Vice President	July 2013 – now
		Secretary to the Board of Directors	March 2014 – now
		General Counsel	November 2022 – now
Yu Mingxiong	CSSC	Director of the Asset Management Department	October 2023 – now
Hu Jianpo	China Post Group	Deputy Head of the Commission for Discipline Inspection	June 2020 – now

Note (1): Except for the disclosures mentioned above, as of the date of this report, there were no other instances where Directors, Supervisors or senior management of the Bank held positions in any shareholder companies. Among them, Mr. Liu Jianjun has been exempted from the restrictions on concurrent positions by the relevant regulatory authorities. The Independent Non-executive Directors of the Bank are of the view that during the reporting period, Mr. Liu Jianjun practically fulfilled his undertakings, performed his duties with due diligence, and properly managed the relationship between the Bank and its controlling shareholder while holding concurrent positions. His actions did not harm the interests of the Bank or other shareholders due to such concurrent positions, which was in compliance with the independence requirements of personnel in listed companies.

Remuneration Paid to Directors, Supervisors and Senior Management Members of the Bank in 2024

In RMB10,000

Name	Title	Fees (1)	Remuneration paid (2)	Contributions by the employer to social insurance, housing provident fund, enterprise annuity, etc. (3)	Total (4) = (1) + (2) + (3)	Obtain remuneration from shareholder companies or other related parties or not during the tenure in 2024
Zheng Guoyu	Chairman, Non-executive Director	–	–	–	–	–
Liu Jianjun	Executive Director, President	–	–	–	–	Yes
Yao Hong	Executive Director, Vice President, Chief Risk Officer	–	52.83	32.51	85.34	No
Han Wenbo	Non-executive Director	–	–	–	–	Yes
Chen Donghao	Non-executive Director	–	–	–	–	Yes
Liu Xin'an	Non-executive Director	–	–	–	–	Yes
Zhang Xuanbo	Non-executive Director	–	–	–	–	Yes
Hu Yuting	Non-executive Director	–	–	–	–	Yes
Ding Xiangming	Non-executive Director	–	–	–	–	Yes
Yu Mingxiong	Non-executive Director	–	–	–	–	Yes
Wen Tiejun	Independent Non-executive Director	34.80	–	–	34.80	No
Chung Shui Ming Timpson	Independent Non-executive Director	34.80	–	–	34.80	No
Pan Yingli	Independent Non-executive Director	34.80	–	–	34.80	No
Tang Zhihong	Independent Non-executive Director	34.80	–	–	34.80	Yes
Hong Xiaoyuan	Independent Non-executive Director	7.80	–	–	7.80	No
Chen Yuejun	Chairman of the Board of Supervisors, Shareholder Representative Supervisor	–	54.05	33.79	87.84	No
Bai Jianjun	External Supervisor	30.00	–	–	30.00	No
Chen Shimin	External Supervisor	30.00	–	–	30.00	Yes
Li Yue	Employee Supervisor	–	–	–	–	No
Gu Nannan	Employee Supervisor	–	–	–	–	No
Xu Xueming	Vice President	–	52.77	32.47	85.24	No
Du Chunye	Vice President, Secretary to the Board of Directors, Joint Company Secretary	–	52.77	30.18	82.95	No
Niu Xinzhuang	Vice President, Chief Information Officer	–	52.78	24.42	77.20	No
Hu Jianpo	Secretary of the Commission for Discipline Inspection	–	–	–	–	Yes
Liang Shidong	Retail Business Director	–	80.00	25.38	105.38	No

Corporate Governance

In RMB10,000

Name	Title	Fees (1)	Remuneration paid (2)	Contributions by the employer to social insurance, housing provident fund, enterprise annuity, etc. (3)	Total (4) = (1) + (2) + (3)	Obtain remuneration from shareholder companies or other related parties or not during the tenure in 2024
Resigned Personnel						
Wei Qiang	Former Non-executive Director	–	–	–	–	No
Huang Jie	Former Non-executive Director	–	–	–	–	Yes
Liu Yue	Former Non-executive Director	–	–	–	–	No
Hu Xiang	Former Independent Non-executive Director	29.00	–	–	29.00	Yes
Zhao Yongxiang	Former Shareholder Representative Supervisor	–	–	–	–	Yes
Wang Fei	Former Secretary of the Commission for Discipline Inspection	–	28.17	15.32	43.49	No

Note (1): The remuneration plan of senior management members of the Bank was reviewed and determined by the Board of Directors; the remuneration plan of Directors was reviewed and determined by the Board of Directors and the Shareholders' General Meeting; and the remuneration plan of Supervisors was reviewed and determined by the Board of Supervisors and the Shareholders' General Meeting. Relevant Directors abstained from voting when the Board of Directors considered matters related to their own remuneration. Independent Directors also provided independent opinions on the settlement of remuneration of Directors and senior management.

Note (2): During the reporting period, the total remuneration paid to Directors, Supervisors, and senior management members by the Bank amounted to RMB8,034.4 thousand. The final remuneration payable to Directors, Supervisors and senior management members of the Bank is still subject to confirmation, and the remaining details will be disclosed separately upon confirmation.

Note (3): Mr. Zheng Guoyu's qualification as the Chairman of the Board and a Non-executive Director of the Bank was approved by the National Financial Regulatory Administration on February 13, 2025, and he did not receive any remuneration from the Bank in 2024.

Note (4): Mr. Liu Jianjun, Executive Director and President of the Bank, held positions at and received remuneration from China Post Group Corporation Limited, the controlling shareholder of the Bank, and did not receive any remuneration from the Bank.

Note (5): Mr. Han Wenbo, Mr. Chen Donghao, Mr. Liu Xin'an, Mr. Zhang Xuanbo, Mr. Hu Yuting, Mr. Ding Xiangming, and Mr. Yu Mingxiong, Non-executive Directors of the Bank, did not receive any remuneration from the Bank.

Note (6): Employee Supervisors of the Bank did not receive remuneration as Employee Supervisors, and the remuneration due to them as employees of the Bank is not included here.

Note (7): Mr. Hu Jianpo, Secretary of the Commission for Discipline Inspection, held positions at and received remuneration from China Post Group Corporation Limited, the controlling shareholder of the Bank, and did not receive any remuneration from the Bank.

Note (8): Mr. Wei Qiang, Mr. Huang Jie, and Mr. Liu Yue, former Non-executive Directors, did not receive any remuneration from the Bank.

Note (9): Mr. Zhao Yongxiang, a former Shareholder Representative Supervisor, did not receive any remuneration from the Bank.

Note (10): Some of the Bank's Independent Non-executive Directors held positions as Independent Non-executive Directors at and received remuneration from other legal entities or organizations. Such circumstance does not constitute the receipt of remuneration from related parties under the regulatory rules of the listing places.

Biographies of Directors, Supervisors and Senior Management Members

Biographies of Directors

Zheng Guoyu, Chairman of the Board of Directors, Non-executive Director

Zheng Guoyu, male, obtained a master's degree in Business Administration from Huazhong University of Science and Technology and holds the title of Senior Economist. He has served as the Chairman of the Board of Directors and Non-executive Director of the Bank since February 2025. He previously served as Assistant General Manager and Deputy General Manager of Hubei Branch, General Manager of Shanxi Branch, General Manager of Sichuan Branch of Bank of China, a member of the Executive Committee and Executive Vice President of Bank of China, and Executive Director and Senior Executive Vice President of Industrial and Commercial Bank of China, etc. He currently serves as Director, President and Chief Compliance Officer of China Post Group.

Liu Jianjun, Executive Director and President

Liu Jianjun, male, obtained a master's degree in Economics from Dongbei University of Finance and Economics and holds the title of Senior Economist. Mr. Liu Jianjun has served as Executive Director and President of the Bank since August 2021. He previously served as Deputy General Manager of Weifang Branch and Jinan Branch as well as the General Manager of Dezhou Branch under Shandong Branch of China Construction Bank; Deputy General Manager of Jinan Branch of China Merchants Bank, General Manager of the Retail Banking Department, General Manager of the Retail Management Department, Business Executive of the Head Office and Senior Executive Vice President of the General Office of Retail Finance, Director of the Credit Card Center of China Merchants Bank, Executive Director, Executive Vice President and Secretary of the Board of Directors of China Merchants Bank. He is now Vice President of China Post Group.

Yao Hong, Executive Director, Vice President and Chief Risk Officer

Yao Hong, female, obtained a master's degree in Management from Hunan University and holds the title of Senior Economist. Ms. Yao has served as Vice President of the Bank since December 2006 and Executive Director of the Bank since August 2016. She has concurrently served as Chief Risk Officer of the Bank since May 2023. She previously served as Deputy Director of the Savings Business Division under the Postal Savings and Remittance Bureau of the Ministry of Posts and Telecommunications, and Director of the Savings Business Division and Associate Director General of the Postal Savings and Remittance Bureau of the State Post Bureau. She concurrently serves as Vice Chairwoman of Payment & Clearing Association of China.

Han Wenbo, Non-executive Director

Han Wenbo, male, obtained a doctor's degree in Management from Northeast Agricultural University and holds a PRC lawyer's license and the title of Economist. Mr. Han has served as Non-executive Director of the Bank since May 2017. He previously served as Deputy Director of the General Office and Assistant Ombudsman of Heilongjiang Fiscal Ombudsman Office of the Ministry of Finance (MOF), Assistant Ombudsman of Beijing Fiscal Ombudsman Office of the MOF, Vice Ombudsman of Sichuan Fiscal Ombudsman Office of the MOF, Vice Ombudsman of Beijing Fiscal Ombudsman Office of the MOF, and Deputy Director (Deputy Director General level) and Director (Director General level) of the General Office of the Inspection Work Leadership Group of the MOF. He is now Director of China Post Group.

Corporate Governance

Chen Donghao, Non-executive Director

Chen Donghao, male, obtained a bachelor's degree in Law from Renmin University of China. Mr. Chen has served as Non-executive Director of the Bank since July 2021. Mr. Chen served as Deputy Director of Division II, Deputy Director and Director of the General Office, Director of Division IV of the Department of Treaty and Law, Deputy Director General of the Department of Tax Policy of the Ministry of Finance, Director of China Post Group, etc.

Liu Xin'an, Non-executive Director

Liu Xin'an, male, obtained a master's degree in Economics from Renmin University of China. Mr. Liu has served as Non-executive Director of the Bank since September 2024. He previously served as Deputy Director General of the General Office, Deputy Director General of the Department of Education, Science and Culture, and Deputy Director General of the Department of Science, Technology and Education of the Ministry of Finance, President (Director General level) of China State Finance Magazine, Director General of the Department of Policy Research and Director General of the Department of Treaty and Law of the Ministry of Finance, etc. He is currently Director of China Post Group.

Zhang Xuanbo, Non-executive Director

Zhang Xuanbo, male, obtained a master's degree in Management from Nankai University and holds the title of Senior Auditor. Mr. Zhang has served as Non-executive Director of the Bank since September 2024. He previously served as Director of Division II of the Trade Audit Bureau, Director of Division III and Director of Division IV of the Department of Public Finance Audit, Deputy Director General of the Development and Statistics Audit Bureau of the National Audit Office, Deputy Commissioner of the Changchun Regional Office of the leading Party members sub-group of the National Audit Office, Deputy Director General (presiding over work) and Director General of the Health and Medicine Audit Bureau, Director General of the Health and Sports Audit Bureau, etc.

Hu Yuting, Non-executive Director

Hu Yuting, male, obtained a master's degree in Finance from the Central University of Finance and Economics and holds the titles of Senior Accountant, Certified Public Accountant, and Chartered Financial Analyst. Mr.Hu has served as Non-executive Director of the Bank since September 2024. He previously served as Deputy Manager and Manager of the Taxation Management Division in the Finance Department of China Mobile Limited, Deputy General Manager of the Finance Department of China Mobile Limited, General Manager and Non-executive Director of China Mobile Group Finance Co., Ltd. He currently serves as General Manager of the Finance Department and Securities Affairs Department and domestic information disclosure representative of China Mobile Limited.

Ding Xiangming, Non-executive Director

Ding Xiangming, male, obtained an MBA degree from Shanghai Maritime University and holds the title of Senior Economist. Mr. Ding has served as Non-executive Director of the Bank since October 2017. He previously served as General Manager of Investment and Development Department, Vice President, General Manager of Investment and Development Department, Vice President, Board Secretary, and General Manager of Investment and Development Department of Shanghai International Port (Group) Co., Ltd. ("SIPG"). Mr. Ding currently serves as Vice President, Board Secretary and General Counsel of SIPG.

Yu Mingxiong, Non-executive Director

Yu Mingxiong, male, obtained a bachelor's degree in Economics and a bachelor's degree in Law from Zhongnan University of Economics and holds the titles of Senior Engineer, Senior Political Work Engineer, Auditor, and Certified Public Accountant (non-practicing member). He has served as a Non-executive Director of the Bank since September 2024. He has served as Deputy Director of the Audit Department of China Shipbuilding Industry Corporation (CSIC), Director and General Manager of CSIC Finance Co., Ltd., Director and General Manager of China Shipbuilding Capital Limited, Non-executive Director of Everbright Securities Company Limited, Director of the Audit Department of China State Shipbuilding Corporation Limited, etc. He currently serves as Director of the Asset Management Department of China State Shipbuilding Corporation Limited.

Wen Tiejun, Independent Non-executive Director

Wen Tiejun, male, obtained a doctor's degree in Management from China Agricultural University. Mr. Wen has served as Independent Non-executive Director of the Bank since October 2019. He previously served as an assistant researcher of the Rural Development Research Center of the State Council, a researcher of the Research Center for Rural Economy of the Ministry of Agriculture, Deputy Secretary General of the China Society of Economic Reform, Dean of School of Agricultural Economics and Rural Development at Renmin University of China, and Independent Non-executive Director of Agricultural Bank of China Limited. Mr. Wen currently serves as a member of the National Committee of Experts on Food Security, a provincial and ministerial-level adviser and policy advisory expert of the Ministry of Commerce, the Ministry of Civil Affairs, the National Forestry and Grassland Administration, Beijing Municipality and Fujian Province of the PRC, etc., and external director of Xinjiang Culture & Tourism Investment Group Co., Ltd.

Chung Shui Ming Timpson, Independent Non-executive Director

Chung Shui Ming Timpson, male, obtained an honorary doctor's degree in Social Science from the City University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, received the title of Justice of the Peace from the HKSAR Government in 1998, and was awarded the Gold Bauhinia Star by the HKSAR Government in 2000. Mr. Chung has served as Independent Non-executive Director of the Bank since October 2019. He previously served as Senior Auditing Director of Coopers & Lybrand, Chairman of the Management Board of the City University of Hong Kong, Chief Executive Officer of Shimao International Holdings Ltd., Chairman of the Hong Kong Housing Society, a member of the HKSAR Executive Council, Chief Executive Officer of HKSAR Government Land Fund Trust, and Independent Non-executive Director of Nine Dragons Paper (Holdings) Limited, Henderson Land Development Co., Ltd., China Everbright Bank Co., Ltd., China Construction Bank Corporation, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited, Glorious Sun Enterprises Limited, China Railway Group Limited, etc. He currently serves as Independent Non-executive Director of China Unicom (Hong Kong) Limited, Miramar Hotel and Investment Company Limited, China Overseas Grand Oceans Group Ltd., and Orient Overseas (International) Limited and Pro-Chancellor of City University of Hong Kong.

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Pan Yingli, Independent Non-executive Director

Pan Yingli, female, obtained a doctor's degree in World Economics from East China Normal University. Ms. Pan has served as Independent Non-executive Director of the Bank since December 2019. She previously served as associate professor, professor, and tutor of doctorate candidates in East China Normal University, an invited expert of Shanghai Municipal Government on decision-making consultation, as well as an Independent Non-executive Director of China Merchants Bank Co., Ltd. Ms. Pan currently serves as Director of Research Center for Global Finance at Shanghai Jiao Tong University, professor in Finance at Antai College of Economics and Management of Shanghai Jiao Tong University, Chief Expert of the Decision-making Consultation Research Base Pan Yingli Studio of Shanghai Municipal Government, Independent Non-executive Director of Pujiang International Group Limited, and Independent Director of Asia Cuanon Technology (Shanghai) Co., Ltd.

Tang Zhihong, Independent Non-executive Director

Tang Zhihong, male, obtained a Bachelor of Arts degree from Jilin University and is a Senior Economist. Mr. Tang has served as Independent Non-executive Director of the Bank since March 2023. Mr. Tang previously served as Deputy Director of the Education Department and Deputy Director of the Audit Department of Liaoning branch of the People's Bank of China, Vice President and President of Liaoning Jinzhou branch of the People's Bank of China, Director of Jinzhou branch of the State Administration of Foreign Exchange, Vice President of Shenyang branch of China Merchants Bank Co., Ltd., Deputy Director of Shenzhen management department of China Merchants Bank Co., Ltd., President of Lanzhou branch of China Merchants Bank Co., Ltd., President of Shanghai branch of China Merchants Bank Co., Ltd., Director of the Shenzhen management department of China Merchants Bank Co., Ltd., and Assistant President and Vice President of China Merchants Bank Co., Ltd. He currently serves as External Director of Overseas Chinese Town Holdings Company.

Hong Xiaoyuan, Independent Non-executive Director

Hong Xiaoyuan, male, obtained a master's degree in Economics from Peking University and a master's degree in Science from the Australian National University, and holds the title of Senior Economist. Mr. Hong has served as Independent Non-executive Director of the Bank since October 2024. He previously served as Assistant to General Manager of China Merchants Group Limited, Director of China Merchants Holdings (Hong Kong) Company Limited, General Manager of China Merchants Finance Holdings Co., Ltd., Director of China Merchants Bank Co., Ltd., Director of China Merchants Securities Co., Ltd., Chairman of China Merchants Finance Holdings Company Limited, Chairman of Bosera Asset Management Co., Limited, Director (Executive) of the Executive Committee of the China Merchants Financial Group/Platform, Chairman of China Merchants Capital Investments Co., Ltd., Chairman of China Merchants United Development Company Limited, Chairman of China Merchants Innovation Investment Management Co., Ltd., Chairman of the Board of China Merchants China Direct Investments Limited, General Manager of China Merchants Technology Holdings Co., Ltd., Deputy General Manager of China Merchants Shekou Industrial Zone Co., Ltd. etc. He now serves as Independent Director of Bank of Hangzhou Co., Ltd., Director of CNIC Corporation Limited, Executive Director of China Society of Economic Reform, and a member of Hong Kong Chief Executive's Policy Unit Expert Group.

Biographies of Supervisors

Chen Yuejun, Chairman of the Board of Supervisors and Shareholder Representative Supervisor

Chen Yuejun, male, obtained a doctor's degree in Economics from the Southwestern University of Finance and Economics, and holds the title of Senior Economist. Mr. Chen has served as Chairman of the Board of Supervisors of the Bank since January 2013. He previously served as Deputy Director and Director of the Audit and Supervision Bureau and Bank Supervision Department I of the PBC, Deputy Chief of the Sichuan Regulatory Bureau of CBRC, Deputy Director of the Banking Regulatory Department IV of CBRC, and Director (Director General level) of the Financial Work Office of the People's Government of Sichuan Province.

Bai Jianjun, External Supervisor

Bai Jianjun, male, obtained a master's degree and doctor's degree in Law from Peking University. Mr. Bai has served as External Supervisor of the Bank since October 2019. He previously served as a professor and tutor of doctorate candidates in Peking University Law School, Director of the Research Institute of Empirical Legal Affairs of Peking University, Deputy Director of the Financial Law Research Center of Peking University, a visiting researcher in New York University in the USA, a visiting professor in Niigata University in Japan, External Supervisor of China Construction Bank Corporation, and Independent Director of Beijing Boya-Yingjie Science & Technology Co., Ltd, China Securities Co., Ltd., and Sichuan Xinwang Bank Co., Ltd.

Chen Shimin, External Supervisor

Chen Shimin, male, obtained a bachelor's degree and a master's degree in Economics from Shanghai University of Finance and Economics, a doctor's degree in Accounting from the University of Georgia in the USA, and is a Certified Management Accountant in the USA. Mr. Chen has served as External Supervisor of the Bank since December 2019. He previously served as Sub-dean and Curriculum Director of the master's degree programme of business administration of China Europe International Business School, External Supervisor of Shanghai Pudong Development Bank Co., Ltd., Independent Director of Huaxia Happiness Foundation Co., Ltd., and Independent Director of Advanced Micro-Fabrication Equipment (Shanghai) Inc. China. He currently serves as a professor of Accounting and Director of the Case Center in China Europe International Business School, as well as Independent Director of Yincheng International Holding Co., Ltd., Sun. King Power Electronics Group Limited and China Guangfa Bank Co., Ltd.

Li Yue, Employee Supervisor

Li Yue, male, obtained a bachelor's degree in Arts from Heilongjiang University and holds the title of Senior Corporate Culture Specialist. Mr. Li has served as Employee Supervisor of the Bank since December 2012. He previously served as Project Manager of the Investment Attraction Bureau, Deputy Director and Director of Beijing Liaison Office of Jiangsu Nantong Economic & Technological Development Area, Deputy Director of Beijing Liaison Office of Nantong People's Government of Jiangsu Province, as well as Deputy Director (presiding over the work) of Party and Masses' Affairs Department, Deputy Director of Inspection and Supervision Department, Director of Party and Masses' Affairs Department, Director of Party Building Department of the Party Committee and Director of Party Building Department of the Bank. He currently serves as General Manager of the General Affairs Department of the Bank.

Gu Nannan, Employee Supervisor

Gu Nannan, male, obtained a master's degree in Management from the Australian National University and holds the title of Senior Economist. Mr. Gu has served as Employee Supervisor of the Bank since June 2021. He served as Deputy Director of Personnel and Education Department and Deputy Director of Organization Department of the Party Committee of Beijing Municipal Postal Administration, General Manager of the Human Resources Department of the Beijing Branch of the Bank, Deputy General Manager of the Human Resources Department, Deputy General Manager (presiding over the work) of Office of the Board of Directors and General Manager of Office of the Board of Directors of the Bank. Mr. Gu Nannan currently serves as General Manager of the Office of the Board of Supervisors of the Bank.

Biographies of Senior Management

Liu Jianjun, Executive Director and President

For the biography of Liu Jianjun, please refer to the aforesaid section "Biographies of Directors".

Yao Hong, Executive Director, Vice President and Chief Risk Officer

For the biography of Yao Hong, please refer to the aforesaid section "Biographies of Directors".

Xu Xueming, Vice President

Xu Xueming, male, obtained an executive master's degree of Business Administration from Peking University and holds the title of Senior Economist. Mr. Xu has served as Vice President of the Bank since January 2013. He previously served as Deputy Chief of Beijing Postal Savings and Remittance Bureau, Director of the Public Service Division of the Beijing Postal Administration Bureau, Chief of Beijing Western Post Bureau, Deputy Chief of Beijing Postal Administration Bureau, Deputy General Manager of Beijing Post Company, President of Beijing Branch and Secretary to the Board of Directors of the Bank. He concurrently serves as Director of China Post Securities Co., Ltd., Director of Ule Holdings Company, and Director of China Bankers Institute of China Banking Association.

Du Chunye, Vice President, Secretary to the Board of Directors and Joint Company Secretary

Du Chunye, male, obtained a master's degree in Business Administration from Beijing University of Posts and Telecommunications and holds the title of Senior Economist. Mr. Du has served as Joint Company Secretary of the Bank since March 2017, Secretary to the Board of Directors of the Bank since April 2017, and Vice President of the Bank since July 2020. He previously served as Deputy Manager and Manager of the General Manager's Office of China Post Group, as well as General Manager of the General Office, Vice President of Beijing Branch, President of Shenzhen Branch, and President of Beijing Branch of the Bank. He concurrently serves as Vice-President member of China Association for Public Companies, and Chairman of the Fourth Board Secretary Professional Committee and Vice Chairman of the First Sustainability Professional Committee.

Niu Xinzhuang, Vice President and Chief Information Officer

Niu Xinzhuang, male, obtained a master's degree in Management from Nanjing University of Aeronautics and Astronautics. He has served as Chief Information Officer of the Bank since July 2020, and Vice President of the Bank since June 2023. He previously served as Assistant to General Manager, Deputy General Manager, and General Manager of the Technology Development Department, General Manager of the Information Technology Department of the Head Office of China Minsheng Banking Corporation Limited, Executive Director and General Manager of Minsheng Fintech Corp. Ltd., and General Manager of the Financial Technology Innovation Department of the Bank. He concurrently serves as Director of the Second Standing Committee of the Information Technology and Digital Finance Professional Committee of China Banking Association.

Hu Jianpo, Secretary of the Discipline Inspection Committee

Hu Jianpo, male, obtained a master's degree in law from Peking University. Mr. Hu has served as Secretary of the Discipline Inspection Commission of the Bank since October 2024. He previously served as Prosecutor, Division Director, and Class 2 Senior Prosecutor of the Supreme People's Procuratorate; Division Director and Class 2 Counsel of the CPC Central Commission for Discipline Inspection and the National Supervisory Commission, etc. He currently serves as Deputy Head of the Discipline Inspection and Supervision Team of China Post Group.

Liang Shidong, Chief Retail Banking Officer

Liang Shidong, male, obtained a doctor's degree in Management from University of Science and Technology of China and holds the title of Researcher. Mr. Liang has served as Chief Retail Banking Officer of the Bank since July 2023. He previously served as Deputy Director and Director of the Risk Management Department of China Construction Bank, Deputy Director General of the Financial Stability Bureau of the PBC, a member of the CPC Committee of National Association of Financial Market Institutional Investors, Director of CNIC Corporation Limited, and Chief Risk Officer and General Manager of the Risk Management Department of the Bank. He used to be a member of the Policy Development Committee of the Basel Committee on Banking Supervision (BCBS) and a member of the Steering Committee of the Financial Stability Board (FSB). Mr. Liang previously served as a member of the 12th committee of All-China Youth Federation. He concurrently serves as a director of the eighth board of directors of China UnionPay.

Changes in Directors, Supervisors and Senior Management Members

Changes in Directors

On January 19, 2024, Mr. Huang Jie's qualification as Director was approved by the NFRA. From the date of approval, he has served as Non-executive Director, a member of the Strategic Planning Committee of the Board of Directors, and a member of the Audit Committee of the Board of Directors of the Bank, with a term of three years. Mr. Huang Jie confirmed that he had obtained the legal advice required under Rule 3.09D of the Hong Kong Listing Rules on January 19, 2024, and was aware of his responsibilities as Director of the Bank.

On June 28, 2024, Mr. Liu Jianjun was re-elected as Executive Director at the Bank's 2023 Annual Shareholders' General Meeting for a term of three years, with the new term commencing from the date of approval by the Shareholders' General Meeting.

On June 28, 2024, Ms. Yao Hong was re-elected as Executive Director at the Bank's 2023 Annual Shareholders' General Meeting for a term of three years, with the new term commencing from the date of approval by the Shareholders' General Meeting.

On June 28, 2024, Mr. Ding Xiangming was re-elected as Non-executive Director at the Bank's 2023 Annual Shareholders' General Meeting for a term of three years, with the new term commencing from the date of approval by the Shareholders' General Meeting.

Corporate Governance

On June 28, 2024, Mr. Liu Xin'an was elected as Non-executive Director at the Bank's 2023 Annual Shareholders' General Meeting. On September 10, 2024, Mr. Liu Xin'an's qualification as Director was approved by the NFRA. He has served as Non-executive Director of the Bank, a member of the Strategic Planning Committee of the Board of Directors, and a member of the Social Responsibility and Consumer Rights Protection Committee of the Board of Directors for a term of three years since September 10, 2024. Mr. Liu Xin'an confirmed that he had obtained the legal advice as stipulated under Rule 3.09D of the Hong Kong Listing Rules on June 19, 2024, and was aware of his responsibilities as Director of the Bank.

On June 28, 2024, Mr. Zhang Xuanbo was elected as Non-executive Director at the Bank's 2023 Annual Shareholders' General Meeting. On September 10, 2024, Mr. Zhang Xuanbo's qualification as Director was approved by the NFRA. He has served as Non-executive Director of the Bank, a member of the Audit Committee of the Board of Directors, and a member of the Risk Management Committee of the Board of Directors for a term of three years, commencing from September 10, 2024. Mr. Zhang Xuanbo confirmed that he had obtained the legal advice as stipulated under Rule 3.09D of the Hong Kong Listing Rules on June 13, 2024, and was aware of his responsibilities as Director of the Bank. Upon the commencement of Mr. Zhang Xuanbo's term, Mr. Wei Qiang ceased to serve as Non-executive Director of the Bank and as a member of the relevant committees of the Board of Directors.

On June 28, 2024, Mr. Hu Yuting was elected as Non-executive Director at the Bank's 2023 Annual Shareholders' General Meeting. On September 10, 2024, Mr. Hu Yuting's qualification as Director was approved by the NFRA. He has served as Non-executive Director of the Bank, a member of the Strategic Planning Committee of the Board of Directors, and a member of the Audit Committee of the Board of Directors for a term of three years, commencing from September 10, 2024. Mr. Hu Yuting confirmed that he had obtained the legal advice as stipulated under Rule 3.09D of the Hong Kong Listing Rules on July 24, 2024, and was aware of his responsibilities as Director of the Bank. Upon the commencement of Mr. Hu Yuting's term, Mr. Huang Jie ceased to serve as Non-executive Director of the Bank and as a member of the relevant committees of the Board of Directors.

On June 28, 2024, Mr. Yu Mingxiong was elected as Non-executive Director at the Bank's 2023 Annual Shareholders' General Meeting. On September 10, 2024, Mr. Yu Mingxiong's qualification as Director was approved by the NFRA. He has served as Non-executive Director of the Bank, a member of the Strategic Planning Committee of the Board of Directors, and a member of the Audit Committee of the Board of Directors for a term of three years, commencing from September 10, 2024. Mr. Yu Mingxiong confirmed that he had obtained the legal advice as stipulated under Rule 3.09D of the Hong Kong Listing Rules on June 13, 2024, and was aware of his responsibilities as Director of the Bank. Upon the commencement of Mr. Yu Mingxiong's term, Mr. Liu Yue ceased to serve as Non-executive Director of the Bank and as a member of the relevant committees of the Board of Directors.

On June 28, 2024, Mr. Hong Xiaoyuan was elected as Independent Non-executive Director at the Bank's 2023 Annual Shareholders' General Meeting. On October 12, 2024, Mr. Hong Xiaoyuan's qualification as Director was approved by the NFRA. He has served as Independent Non-executive Director of the Bank, a member of the Strategic Planning Committee of the Board of Directors, a member of the Audit Committee of the Board of Directors, and a member of the Social Responsibility and Consumer Rights Protection Committee of the Board of Directors for a term of three years, commencing from October 12, 2024. Mr. Hong Xiaoyuan confirmed that he had obtained the legal advice as stipulated under Rule 3.09D of the Hong Kong Listing Rules on June 14, 2024, and was aware of his responsibilities as Director of the Bank. Upon the commencement of Mr. Hong Xiaoyuan's term, Mr. Hu Xiang ceased to serve as Independent Non-executive Director of the Bank and as a member of the relevant committees of the Board of Directors.

On October 25, 2024, Mr. Liu Ruigang was elected as Non-executive Director at the Bank's First Extraordinary General Meeting in 2024. His qualification as Director was pending approval by the NFRA.

On January 2, 2025, the Board nominated Mr. Zheng Guoyu as the candidate for Non-executive Director and elected Mr. Zheng Guoyu as Chairman of the Board. On January 22, 2025, Mr. Zheng Guoyu was elected as Non-executive Director at the Bank's First Extraordinary General Meeting in 2025. On February 13, 2025, Mr. Zheng Guoyu's qualification as Chairman of the Board and Director was approved by the NFRA. He shall serve as Chairman of the Board and Non-executive Director of the Bank for a term of three years, commencing from February 13, 2025. Mr. Zheng Guoyu confirmed that he had obtained the legal advice as stipulated under Rule 3.09D of the Hong Kong Listing Rules on January 20, 2025, and was aware of his responsibilities as Director of the Bank.

On January 22, 2025, Mr. Yang Yong was elected as Independent Non-executive Director at the Bank's First Extraordinary General Meeting in 2025. His qualification as Director was pending approval by the NFRA.

For details regarding the changes to the Bank's Board of Directors, please refer to the announcements published by the Bank.

Changes in Supervisors

On March 8, 2024, Mr. Zhao Yongxiang no longer served as a Shareholder Representative Supervisor and a member of the Duty Performance Supervision Committee of the Board of Supervisors of the Bank due to reaching the statutory retirement age.

For details regarding the changes to the Bank's Board of Supervisors, please refer to the announcements published by the Bank.

Changes in Senior Management

On October 18, 2024, Mr. Hu Jianpo assumed the role of the Bank's Secretary of the Commission for Discipline Inspection, while Ms. Wang Fei no longer served as the Bank's Secretary of the Commission for Discipline Inspection due to a work reassignment.

Corporate Governance

Board of Directors and Special Committees

Functions and Powers of the Board of Directors

The Board of Directors is accountable to the Shareholders' General Meetings. It is responsible for convening the Shareholders' General Meetings, reporting its work at the meetings and implementing resolutions adopted at the Shareholders' General Meetings; making decisions on the Bank's development strategies, business plans, and investment plans; formulating the Bank's annual financial budget and final accounts plans, profit distribution plan and loss recovery plan, plan for the increase or reduction of the Bank's registered capital, plan for issuance of bonds or other marketable securities and listing plan, plans for merger, division, dissolution, liquidation or other changes in the corporate form, plan for repurchase of the Bank's shares, plan for material changes in equity interest or financial reorganization, and capital replenishment plans; making decisions on the general management rules, risk management and internal control policies of the Bank and supervising the implementation of such basic management rules and policies; reviewing and approving the internal audit rules of the Bank; appointing or dismissing the President and the Secretary to the Board of Directors of the Bank according to the nomination of the Chairman of the Board of Directors; appointing or dismissing Vice Presidents and other senior management members according to the nomination of the President and deciding on their remuneration, performance appraisal, incentive and punishment; listening to the risk management report presented by the senior management and evaluating the effectiveness of risk management in the Bank in order to improve the Bank's risk management; regularly assessing and improving the Bank's corporate governance; and examining the work of the senior management to monitor and ensure the effective performance of their management responsibilities, etc.

At present, the Bank has established a comprehensive, standardized, and effective institutional system and operating mechanisms to ensure the independent and proper operation of the Board of Directors and enable it to obtain independent views and opinions in a timely and complete manner. Specifically, the Bank has clearly defined the criteria and procedures for the nomination and election of Directors in the Articles of Association and the working rules of special committees under the Board of Directors. Directors with significant conflicts of interest in matters discussed by the Board shall recuse themselves. The Board of Directors, the special committees under the Board of Directors, and Independent Directors give full consideration to the opinions of external auditors and may engage intermediary agencies or professionals to provide opinions, with reasonable costs borne by the Bank. Upon review, such mechanisms were effectively implemented during the reporting period. Meanwhile, the Bank has clearly defined the types, content, timing, and methods of reporting information by the senior management or relevant departments to the Board of Directors and its special committees in the Management Measures for the Information Reporting by the Senior Management of Postal Savings Bank of China Co., Ltd. This ensures that the Board of Directors and its special committees can obtain accurate business information in a timely manner and make sensible and independent judgments and decisions.

Composition of the Board of Directors and Board Diversity Policy

Composition of the Board of Directors

The Board of Directors of the Bank comprised 15 Directors, including Chairman and Non-executive Director Mr. Zheng Guoyu; Executive Directors Mr. Liu Jianjun and Ms. Yao Hong; Non-executive Directors Mr. Han Wenbo, Mr. Chen Donghao, Mr. Liu Xin'an, Mr. Zhang Xuanbo, Mr. Hu Yuting, Mr. Ding Xiangming and Mr. Yu Mingxiong; and Independent Non-executive Directors Mr. Wen Tiejun, Mr. Chung Shui Ming Timpson, Ms. Pan Yingli, Mr. Tang Zhihong, and Mr. Hong Xiaoyuan.

Diversity of Board Members

The Bank is committed to promoting the building of board diversity, continuously optimizing the structure, composition, and the implementation of diversity policies of the Board of Directors to ensure that the professional skills and experience of each appointed Board member meet the needs of the efficient operation of the Board. In the selection of Directors, while strictly complying with regulatory requirements, careful consideration is given to factors such as the candidate's gender, age, educational background, region, professional experience, and skills. The aim is to continually adjust and optimize the composition of the Board's specialized committees, thereby providing professional support for the Board of Directors' sound and efficient decision-making. In 2024, in accordance with the Articles of Association and the needs of corporate governance practice, the Bank elected or re-elected several Directors with extensive experience in the management of state-owned enterprises and in-depth knowledge of the Bank's operations. Currently, all Executive Directors of the Bank have long been engaged in financial management and are familiar with the Bank's operations and management; the Non-executive Directors come from government authorities or large state-owned enterprises and have rich experience in management; and the Independent Non-executive Directors are well-known experts in the fields of economics, Sannong, auditing, banking, etc., and are able to provide professional advice to the Bank from the perspectives of different fields. The Board of Directors of the Bank includes Directors who have experience, knowledge, and background in green credit, including Ms. Yao Hong, an Executive Director who has long been in charge of green credit-related work, and Mr. Wen Tiejun, an Independent Non-executive Director with expertise in green finance research. Currently, the Bank's Board of Directors consists of two female Directors and five Independent Non-executive Directors, with Independent Non-executive Directors accounting for one-third of the total Board members. From the perspectives of expertise, gender, age, and region, the composition of the Board members is reasonable and effective. The Board of Directors considers that the Bank's nomination policy can ensure that there will be potential successors in place to maintain the existing gender diversity of the Board. For information on gender diversity among the Bank's employees, please refer to "Discussion and Analysis – Capacity Building".

To promote the diversity of board members, the Nomination and Remuneration Committee of the Board of Directors of the Bank formulates and supervises the implementation of the board diversity policy. It is responsible for reviewing the implementation of this policy annually and reporting to the Board of Directors, and proposing for revisions to the policy to the Board of Directors according to corporate governance practices to ensure its effectiveness. The Bank formulated and achieved the following measurable objectives for the board diversity policy: (1) ensuring due regard for diversity in gender, age, geographical background, cultural background, and educational background of Directors; (2) ensuring the inclusion of Director candidates with working experience in other industries; and (3) ensuring the inclusion of Director candidates with knowledge and professional experience in different fields. After self-review, the Nomination and Remuneration Committee of the Board of Directors believes that the Bank's board composition during the reporting period was in line with the requirements of the board diversity policy.

Corporate Governance

Meetings of the Board of Directors

Meetings of the Board of Directors

During the reporting period, the Bank convened 11 meetings of the Board of Directors and reviewed 116 proposals and listened to 32 reports. The Board of Directors deliberated and approved proposals including the fixed asset investment budget, final accounts plan and profit distribution plan, as well as development planning proposals such as the 2024-2026 three-year capital rolling plan; matters related to human resources management such as the selection and appointment of Directors, adjustments to members of special committees of the Board of Directors, etc. The Board of Directors regularly reviewed work progress on risk management, internal control, case prevention and management, data governance, the implementation of the board diversity policy, the rectification pursuant to regulatory opinions, and listened to work progress regarding the implementation of "five priorities" initiative, namely technology finance, green finance, inclusive finance, pension finance, and digital finance. All Directors conducted in-depth research and earnest discussions, and put forward many valuable opinions and suggestions at the meetings and during recess periods, which were duly adopted or responded to by the Bank, ensuring that the Board of Directors made well-convinced decisions in leading the reform and development of the Bank.

Meeting	Date	Convening method	Resolutions
The First Meeting of the Board of Directors in 2024	February 29, 2024	On-site	Reviewed and approved four proposals, including the summary of the 2023 case prevention work and the 2024 case prevention work plan of the Postal Savings Bank of China
The Second Meeting of the Board of Directors in 2024	March 28, 2024	On-site	Reviewed and approved 31 proposals including the 2023 final account
The Third Meeting of the Board of Directors in 2024	April 29, 2024	On-site	Reviewed and approved 15 proposals including the first quarterly report of 2024
The Fourth Meeting of the Board of Directors in 2024	May 30, 2024	On-site	Reviewed and approved 17 proposals including the transfer of partial beneficiary interest of the trusts and beneficial interest of the asset management plan to China Post Capital Management Co., Ltd.
The Fifth Meeting of the Board of Directors in 2024	June 4, 2024	On-site	Reviewed and approved the proposal to reappoint the accounting firm to provide interim review services for 2024
The Sixth Meeting of the Board of Directors in 2024	July 30, 2024	On-site	Reviewed and approved four proposals including the assessment indicators for global systemically important banks
The Seventh Meeting of the Board of Directors in 2024	August 30, 2024	On-site	Reviewed and approved ten proposals including the 2024 interim report, highlights and results announcement
The Eighth Meeting of the Board of Directors in 2024	September 30, 2024	On-site	Reviewed and approved nine proposals including the appointment of the accounting firm for the year 2024
The Ninth Meeting of the Board of Directors in 2024	October 30, 2024	On-site	Reviewed and approved ten proposals including the third quarterly report of 2024

Meeting	Date	Convening method	Resolutions
The 10th Meeting of the Board of Directors in 2024	November 29, 2024	On-site	Reviewed and approved five proposals including the 2023 director compensation settlement plan
The 11th Meeting of the Board of Directors in 2024	December 27, 2024	On-site	Reviewed and approved ten proposals including the revision of the Data Governance Measures of Postal Savings Bank of China

Attendance of Directors at Meetings

During the reporting period, the attendance of Directors at Shareholders' General Meetings, and meetings of the Board of Directors and special committees of the Board of Directors is listed below:

Director	Shareholders' General Meeting	Board of Directors			Strategic Planning Committee	Related Party Transactions Control Committee	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Social Responsibility and Consumer Rights Protection Committee
	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of on-site meetings attended	Number of attendance by proxy	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended
Chairman and Non-executive Director										
Zheng Guoyu	-	-	-	-	-	-	-	-	-	-
Executive Directors										
Liu Jianjun	3/3	10/11	10	1	6/7	-	-	-	6/6	5/5
Yao Hong	3/3	11/11	11	0	7/7	5/7	-	8/12	-	5/5
Non-executive Directors										
Han Wenbo	3/3	11/11	11	0	7/7	-	-	12/12	-	-
Chen Donghao	3/3	10/11	10	1	-	-	-	12/12	-	5/5
Liu Xin'an	2/2	4/4	4	0	2/2	-	-	-	-	2/2
Zhang Xuanbo	2/2	4/4	4	0	-	-	3/3	4/4	-	-
Hu Yuting	2/2	4/4	4	0	2/2	-	3/3	-	-	-
Ding Xiangming	3/3	10/11	10	1	-	6/7	-	-	-	5/5
Yu Mingxiong	2/2	4/4	4	0	2/2	-	3/3	-	-	-

Corporate Governance

Director	Shareholders' General Meeting	Board of Directors			Strategic Planning Committee	Related Party Transactions Control Committee	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Social Responsibility and Consumer Rights Protection Committee
	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of on-site meetings attended	Number of attendance by proxy	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended
Independent Non-executive Directors										
Wen Tiejun	3/3	10/11	10	1	6/7	-	8/9	-	6/6	-
Chung Shui Ming Timpson	3/3	9/11	9	2	-	7/7	8/9	6/12	-	-
Pan Yingli	3/3	11/11	11	0	-	7/7	8/9	-	6/6	-
Tang Zhihong	3/3	11/11	11	0	-	7/7	-	11/12	6/6	-
Hong Xiaoyuan	2/2	3/3	3	0	2/2	-	1/2	-	-	1/1
Resigned Directors										
Wei Qiang	1/1	7/7	7	0	-	-	6/6	8/8	-	-
Huang Jie	1/1	7/7	7	0	5/5	-	6/6	-	-	-
Liu Yue	1/1	7/7	7	0	5/5	-	6/6	-	-	-
Hu Xiang	1/1	8/8	8	0	5/5	-	7/7	-	-	4/4

Note (1): "Attendances in person" refers to on-site attendances and attendances by way of electronic communications such as telephone and video conferencing. During the reporting period, Directors who were unable to attend the Board or committee meetings in person had designated other Directors as proxies to attend and vote on their behalf at the meetings.

Note (2): In the year 2024, there were no instances of Directors being absent from Board meetings, Directors failing to attend two consecutive meetings in person, or Directors not attending more than two-thirds of the Board meetings in person.

Note (3): For details on changes in Directors, please refer to "Corporate Governance – Changes in Directors, Supervisors and Senior Management Members".

Special Committees of the Board of Directors

There are six special committees under the Board of Directors, namely the Strategic Planning Committee, Related Party Transactions Control Committee, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, and Social Responsibility and Consumer Rights Protection Committee. For details of adjustments to members of the special committees of the Board of Directors, please refer to "Corporate Governance – Changes in Directors, Supervisors and Senior Management Members".

During the reporting period, within the scope authorized by the Board of Directors and in accordance with the Bank's Articles of Association and relevant rules of procedure, special committees of the Board of Directors gave full play to their expertise and diligently performed their duties. The special committees convened 46 meetings, at which they reviewed 123 proposals and listened to 31 reports, focusing on major matters including the Bank's development strategy, connected transaction management, internal and external audits, risk management, internal control and compliance, nomination and remuneration, consumer rights protection, and fulfillment of social responsibilities. They actively put forward opinions and suggestions to the Board of Directors, which provided strong support for the well-grounded and efficient decision-making of the Board of Directors.

Strategic Planning Committee

The Strategic Planning Committee of the Bank comprised nine Directors, namely Chairman and Non-executive Director Mr. Zheng Guoyu; Executive Directors Mr. Liu Jianjun and Ms. Yao Hong; Non-executive Directors Mr. Han Wenbo, Mr. Liu Xin'an, Mr. Hu Yuting and Mr. Yu Mingxiong; and Independent Non-executive Directors Mr. Wen Tiejun and Mr. Hong Xiaoyuan. Mr. Zheng Guoyu serves as the Chairman of the Strategic Planning Committee. The Committee primarily performs such duties as reviewing the implementation of major plans and decisions of the CPC Central Committee, the Bank's business objectives, overall strategic development plans and special strategic development plans, strategic capital allocation, asset and liability management objectives, business development plans, development plans for inclusive finance business, major management policies, major investment and financing plans, and other matters significant to the development of the Bank, and provides recommendations to the Board of Directors.

In 2024, the Strategic Planning Committee convened seven meetings, at which it reviewed and approved 18 proposals and listened to 12 reports. It reviewed and approved proposals on implementing inclusive finance policies, etc. It also listened to work progress of implementing the "five priorities" initiative, supporting rural revitalization, providing financial services for the high-quality development of the manufacturing industry, strictly adhering to and implementing major decisions and plans of the CPC Central Committee, and comprehensively improving the quality and efficiency of financial services. It reviewed and approved proposals including the assessment report on the implementation of the 14th Five-Year Plan Outline in 2023, the mid-term evaluation report on the 14th Five-Year IT Plan, and the development plan for internet loan business (2024-2026), strengthened strategy implementation and improved the efficiency of strategic management. It also reviewed and approved proposals on the annual asset and liability business allocation plan, and the capital allocation plan, providing drive for enhancing capital strength and risk resistance ability, and achieving sustainable development. *(The Strategic Planning Committee met on March 28, 2024, April 29, 2024, May 30, 2024, July 30, 2024, August 30, 2024, October 30, 2024, and December 27, 2024, respectively.)*

Corporate Governance

Related Party Transactions Control Committee

The Related Party Transactions Control Committee of the Bank comprised five Directors, namely Executive Director Ms. Yao Hong, Non-executive Director Mr. Ding Xiangming, and Independent Non-executive Directors Mr. Tang Zhihong, Mr. Chung Shui Ming Timpson, and Ms. Pan Yingli. Mr. Tang Zhihong is the Chairman of the Committee.

The Committee primarily performs such duties as managing matters on connected transactions of the Bank, reviewing the basic management policies for connected transactions, supervising their implementation and making suggestions to the Board of Directors; identifying related parties of the Bank, reporting to the Board of Directors and Board of Supervisors, promptly informing relevant personnel of the Bank, reviewing major connected transactions or other connected transactions subject to the approval of the Board of Directors or the Shareholders' General Meeting, and submitting to the Board of Directors or the Shareholders' General Meeting through the Board of Directors for approval.

In 2024, the Related Party Transactions Control Committee convened seven meetings, at which it reviewed and approved nine proposals and listened to two reports. It reviewed and approved proposals on major related party transactions, including the transfer of part of the beneficial interest of the trusts and the beneficial interest of the asset management plan to China Post Capital Management Co., Ltd., and adjustment to deposit agency fee pricing for agency deposit taking business by Postal Savings Bank of China Co., Ltd. and China Post Group Corporation Limited. The Committee identified related parties and related matters, and provided opinions and suggestions to the Board of Directors on strengthening the Bank's connected transaction management and controlling connected transaction risks.

(The Related Party Transactions Control Committee met on March 22, 2024, April 24, 2024, May 27, 2024, May 29, 2024, September 29, 2024, October 23, 2024, and December 23, 2024, respectively.)

Audit Committee

The Audit Committee of the Bank comprised seven Directors, namely Non-executive Directors Mr. Zhang Xuanbo, Mr. Hu Yuting, and Mr. Yu Mingxiong; and Independent Non-executive Directors Mr. Chung Shui Ming Timpson, Mr. Wen Tiejun, Ms. Pan Yingli, and Mr. Hong Xiaoyuan. Mr. Chung Shui Ming Timpson is the Chairman of the Committee.

The Committee primarily performs such duties as supervising the Bank's internal control, reviewing its major financial and accounting policies and their implementation, reviewing its basic audit management policies, rules, medium – and long-term plans as well as annual work plans, supervising and evaluating the work of the internal audit department, proposing the engagement or dismissal of accounting firms, making suggestions to the Board of Directors, etc.

In 2024, the Audit Committee convened nine meetings, at which it reviewed and approved 23 proposals and listened to eight reports. It reviewed the effectiveness of the Bank's internal control at least once a year and provided opinions and suggestions to the Board of Directors on issues such as maintaining financial health and stability, the engagement of accounting firms, enhancing the effectiveness of internal control, and deepening the remediation of audit findings and the application of results.

(The Audit Committee met on January 30, 2024, March 25, 2024, April 22, 2024, June 4, 2024, July 25, 2024, August 29, 2024, September 25, 2024, October 29, 2024, and December 20, 2024, respectively.)

Regularly reviewing the Bank's financial status and financial reports and overseeing the Bank's stable financing operation

The Audit Committee reviewed and approved proposals on the annual financial statements and auditor's report, the interim financial statements and review report, and the quarterly financial statements, etc. It reviewed and checked the truthfulness, completeness, and accuracy of the information contained in the financial reports and concluded that there were no significant accounting and auditing issues in the financial accounting reports, and there was no fraud, malpractice, and material misstatement related to the financial accounting reports, and submitted them for the deliberation and approval of the Board of Directors. In addition, the Audit Committee reviewed and approved the financial statements and auditor's report for 2024 which were submitted to the Board of Directors for review within the 2024 annual report, results announcement, and highlights.

Regularly assessing the effectiveness of internal control and providing guidance on the internal audit work

In accordance with the relevant requirements of laws and regulations, regulatory rules, and the Bank's Articles of Association, the Audit Committee organized and conducted the annual assessment of internal control, engaged external auditors to audit the effectiveness of internal control in the financial report of the Bank, standardized the development of the Bank's internal control evaluation system, and regularly supervised and assessed the adequacy and effectiveness of the Bank's internal control system by checking and evaluating the compliance and effectiveness of major business activities, etc. In 2024, the Audit Committee reviewed and approved the audit reports for 2023 and the first half of 2024, and the 2024 audit plan. It listened to reports on the audit work for the first quarter and the third quarter of 2024. It also regularly supervised and evaluated the work of the internal audit department and provided multiple suggestions to the Board of Directors on enhancing the quality and efficiency of internal audit work. The Committee reviewed and approved audit reports on capital adequacy ratio management, implementation of the internal capital adequacy assessment procedures, advanced capital measurement approaches (internal rating system), and the implementation management of the expected credit loss approach, among others. It urged improvements in compliance management and promoted the stable, orderly, and healthy development of Postal Savings Bank of China.

Strengthening the engagement and management of auditing firms and fully leveraging the role of external auditors.

The Audit Committee urged for regular evaluations of the performance of the accounting firm, organized the process of selection of the accounting firm for years 2024 to 2028, and made proposals to the Board of Directors on the appointment of the annual accounting firm. It listened to the accounting firm's reports on the pre-audit of the financial statements for 2023, the audit of the financial statements for 2023, the review of the 2024 interim financial statements, the procedures for agreeing on the quarterly financial statements, and the 2024 audit plan. The Committee conducted thorough communications with the newly appointed accounting firm, discussed key audit matters, and required a smooth transition between the old and new accounting firms. It supervised and evaluated the work of the accounting firm to ensure independence and effectiveness of its work, with a focus on the research and implementation of the management suggestions of the accounting firm; and continued to promote adequate communication between internal and external auditors.

Corporate Governance

Risk Management Committee

The Risk Management Committee of the Bank comprised six Directors, namely Executive Director Ms. Yao Hong, Non-executive Directors Mr. Han Wenbo, Mr. Chen Donghao, and Mr. Zhang Xuanbo, and Independent Non-executive Directors Mr. Chung Shui Ming Timpson, and Mr. Tang Zhihong. Mr. Han Wenbo is the Chairman of the Committee.

The Committee primarily performs such duties as, based on the Bank's overall strategic development plan, reviewing and revising the Bank's risk management strategies, basic policies on risk management, risk appetite, comprehensive risk management framework, and important procedures and policies of risk management, listening to risk management reports; and making suggestions to the Board of Directors.

In 2024, the Risk Management Committee convened 12 meetings, at which it reviewed and approved 49 proposals and listened to eight reports. The Committee provided guidance and promoted further strengthening of the comprehensive risk management system across the Bank, conducted in-depth assessments of key risk areas and response measures, and reviewed the effectiveness of risk management and internal control and compliance at least once a year. It attached importance to information technology risk management, worked to conduct special security governance and enhance the quality and effectiveness of the rectification of issues identified by regulators, continued to strengthen the prevention and control of financial risks, and enhanced the forward-looking nature of the risk management.

(The Risk Management Committee met on February 21, 2024, February 28, 2024, March 25, 2024, April 23, 2024, May 17, 2024, June 26, 2024, July 23, 2024, August 23, 2024, September 27, 2024, October 24, 2024, November 22, 2024, and December 20, 2024, respectively.)

Implementing a prudent and sound risk management philosophy to drive long-term sustainable development

The Risk Management Committee reviewed and approved the 2024 risk management strategy and risk appetite plan, the 2024-2026 three-year rolling capital plan, and the 2024 capital adequacy ratio management plan. It implemented a prudent and sound risk management philosophy and adhered to the established risk appetite indicators. Based on regulatory policies and its own situation and focused on sustainable development, it continuously strengthened refined capital management, reinforced the strict capital discipline, made effective short-term and medium-to-long-term capital rolling plans, actively expanded external capital sources, and strove to achieve a healthy cycle of internal capital replenishment.

Advancing the implementation of new rules on capital management and continuously improving the risk management systems

The Risk Management Committee reviewed and approved the formulation or revision of 10 basic management policies, namely the Management Measures for the Implementation of Advanced Capital Management Approaches Project Group, the Management Policy for the Validation of the Internal Rating System for Credit Risk, the Management Measures for Corporate Customer Rating and Risk Limits, the Comprehensive Risk Management Measures, the Operational Risk Management Measures, the Country Risk Management Measures, and the Management Measures for Internet Loans in Cooperation with External Institutions; actively implemented the requirements of new regulatory rules, expedited the development of advanced approaches, enhanced the standardization and refinement of risk management, further improved the sensitivity of risk measurement across the Bank, and continuously strengthened the effective implementation of new rules on capital management.

Continuously improving the comprehensive risk management system and proactively strengthening risk control in key areas.

The Risk Management Committee reviewed and approved proposals including the report on the implementation of the expected credit loss method for 2023, the special security rectification report, the implementation of rectification based on regulatory notices, the comprehensive risk management report, the internal control and compliance management report, and the information technology risk management report. It regularly reviewed the effectiveness of risk management and internal control and compliance, and took the special security rectification and regulatory notice issue remediation as an opportunity to strengthen situational research and policy analysis, enhance awareness of financial security work, balance development and security, conduct comprehensive and in-depth system clearing, accurately assess the risk baseline, and steadily and orderly advance risk prevention and control in key areas such as real estate, local government debt, and small and medium-sized financial institutions. It tracked the status of overdue, special mention, and non-performing situations. The Committee continued to deepen the concept of risk-led business development, ensured early identification, early warning, early exposure, and early disposal of risks, and enhanced the foresight, precision, and effectiveness of comprehensive risk management.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Bank comprised four Directors, namely Executive Director Mr. Liu Jianjun; and Independent Non-executive Directors Mr. Wen Tiejun, Ms. Pan Yingli, and Mr. Tang Zhihong. Mr. Wen Tiejun is the Chairman of the Committee.

The Committee primarily performs such duties as conducting annual review of the structure, size, and composition of the Board of Directors, and making suggestions to the Board regarding its size and composition; formulating the criteria and procedures for the selection and appointment of Directors, chairmen and members of special committees of the Board of Directors and senior management members, performing preliminary reviews of the qualifications and qualities of candidates for Directors and senior management members, and making suggestions to the Board of Directors; developing measures for evaluating the performance of Directors and assessing the performance of senior management members, as well as remuneration measures or schemes for Directors and senior management members, and submitting them to the Board of Directors for consideration. The Articles of Association sets out the procedures and methods for the nomination of Directors and specific requirements for the appointment of Independent Non-executive Directors. When reviewing the qualifications of Director candidates, the Nomination and Remuneration Committee mainly considers whether they meet the requirements of laws and regulations for directorship, whether they can be faithful and diligent in fulfilling their duties, whether they understand the Bank's operation and management and whether they are willing to be supervised by the Board of Supervisors on their performance, and considers the diversity requirements of the Board of Directors at the same time. For details, please refer to the Articles of Association and Rules of Procedure for the Nomination and Remuneration Committee of the Board of Directors on the Bank's website. During the reporting period, the Bank strictly implemented relevant provisions of the Articles of Association in appointing or renewing the appointment of Directors of the Bank.

Corporate Governance

In 2024, the Nomination and Remuneration Committee convened six meetings, at which it reviewed and approved 16 proposals. It reviewed and approved the proposals on the structure, size, and composition of the Board of Directors and the implementation of the Board diversity policy, and carefully evaluated the structure, size, and composition of the Board of Directors. Meanwhile, it carefully considered diverse factors such as the gender, age, educational background, and professional experience of Board members during the evaluation, and ensured that the Board's composition met regulatory requirements and that the Board diversity policy was effectively implemented. The Committee reviewed and approved the proposal for the 2023 Directors' performance evaluation, conducted a comprehensive evaluation of the Directors from multiple dimensions, and provided suggestions to the Board based on the 2023 performance evaluation results for each Director. It also reviewed and approved the qualifications of several Directors and reviewed and approved several proposals including the one to make adjustments to the composition of the special committees under the Board, effectively enhanced the standardization and effectiveness of the nomination procedures, and continuously optimized the composition of the special committees of the Board of Directors. Regarding remuneration and performance assessment, the Committee reviewed and approved the results of the 2023 strategic performance evaluation, and updated the 2024 strategic performance evaluation plan, the director and senior management remuneration settlement plan, and measures on deferred payment and recoupment of performance-based remuneration. It strictly implemented regulatory requirements, further improved the remuneration incentive and constraint mechanisms, and provided professional advice to assist the Board of Directors in fulfilling its remuneration management responsibilities and optimizing the Bank's remuneration system.

(The Nomination and Remuneration Committee met on March 26, 2024, April 26, 2024, May 30, 2024, July 25, 2024, September 27, 2024, and November 27, 2024, respectively.)

Social Responsibility and Consumer Rights Protection Committee

The Social Responsibility and Consumer Rights Protection Committee of the Bank comprised six Directors, namely Executive Directors Mr. Liu Jianjun and Ms. Yao Hong, Non-executive Directors Mr. Chen Donghao, Mr. Liu Xin'an and Mr. Ding Xiangming, and Independent Non-executive Director Mr. Hong Xiaoyuan. Mr. Liu Jianjun is the Chairman of the Committee.

The main responsibilities of the Social Responsibility and Consumer Rights Protection Committee include: developing strategies, policies, and objectives of social responsibility and consumer rights protection in line with the Bank's development strategies and actual situation, developing relevant basic management policies and submitting them to the Board of Directors for approval before implementation; regularly listening to reports of the senior management on the progress in consumer rights protection according to the authorization of the Board of Directors, and supervising and evaluating the comprehensiveness, timeliness and effectiveness of the Bank's consumer rights protection as well as duty performance of the senior management.

In 2024, the Social Responsibility and Consumer Rights Protection Committee convened five meetings, at which it reviewed and approved eight proposals and listened to one work report. It attached great importance to matters such as consumer rights protection, green finance, sustainable development, and climate investment and financing. The Committee reviewed and approved the proposals on the work and plan for consumer protection, the annual evaluation of consumer protection, the audit report on consumer protection, and other related matters. It also listened to the report on complaints referred from regulators, regularly supervised, evaluated, and provided guidance on consumer rights protection work across the Bank, and made relevant suggestions to the Board of Directors. It reviewed and approved the proposals including the 2023 Corporate Social Responsibility (Environmental, Social, and Governance) Report, the Work Report on Green Bank Development, and the Environmental Information Disclosure (Green Finance) Report. It actively advanced the development of green banking, thoroughly practiced the concept of green and low-carbon development, innovated green finance products and services, continuously enhanced its ESG performance, strengthened environmental information disclosures, worked to promote green finance, and fully performed its social responsibility as a major state-owned bank.

(The Social Responsibility and Consumer Rights Protection Committee met on March 27, 2024, April 22, 2024, August 23, 2024, September 25, 2024, and December 23, 2024, respectively.)

Directors' Responsibilities for Financial Reports

Directors are responsible for overseeing the preparation of financial statements for each accounting period to ensure financial statements present a true and fair view of the Bank's financial position, operating results, and cash flows. During the preparation of the financial statements for the year 2024, the Directors diligently applied appropriate accounting policies and made prudent and reasonable judgments and estimates.

During the reporting period, the Bank complied with the requirements of relevant laws and regulations and listing rules of places where the Bank's shares are listed, and completed the disclosure of the 2023 Annual Report and 2023 Results Announcement, First Quarterly Report of 2024, 2024 Interim Report and 2024 Interim Results Announcement, and Third Quarterly Report of 2024.

Terms of Office of Directors

The Bank strictly adhered to the SSE Listing Rules, the Hong Kong Listing Rules, and the provisions of the Articles of Association that the Directors shall be elected by the Shareholders' General Meeting with a term of office of three years. After the expiration of the term, Directors can be re-elected for consecutive terms, with the term of consecutive re-election calculated from the date of approval by the Shareholders' General Meeting.

Corporate Governance

Surveys, Researches and Training Attended by Directors and Company Secretaries

Directors' Participation in Surveys and Researches

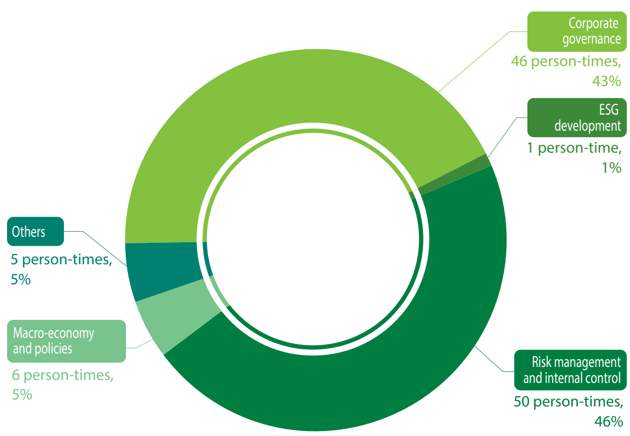
During the reporting period, the Directors of the Bank actively put forward suggestions on topics such as comprehensive risk management, compliance management through collaboration between the Bank and China Post Group, financial outlet security, financial support for local specialty industries and private SMEs, development of Sannong business, intelligent transformation of outlets, budget management, pension finance development, refined capital management, the application of financial data in risk identification of financial institutions, disposal of significant non-performing assets, implementation of rectifications based on regulatory notices, and branch-specific product of loans pledged against warehouse receipt, etc., as reference for the decision-making of the Board of Directors and senior management. The Directors' ability to fulfill their duties and the effectiveness of their decision-making and supervision were continuously improved.

Directors' Participation in Training

During the reporting period, the Bank made an overall plan for the training of Directors, continuously increased resource input into Directors' training, carefully selected quality training institutions, subjects and trainers, and organized Directors to participate in training through on-site and online meetings up to 108 person-times, which helped them to keep up with economic, financial and industry trends at home and abroad, and continuously improved their ability to perform duties.

During the reporting period, in strict compliance with relevant regulatory requirements, the Directors of the Bank actively participated in a series of special training sessions organized by the MOF, the SSE, China Association for Public Companies, other third-party institutions and the Bank itself, covering a wide range of topics such as macro-economy and policies, corporate governance, information disclosure, investor relations management, market value management, independent director policies, AML and counter-terrorist financing, ESG and sustainable development, integrity building, the Several Opinions on Strengthening Regulation, Preventing Risks, and Promoting High-Quality Development of the Capital Market (the new "National Nine Measures") and "1 + N" policy framework, revision of the Company Law and interpretation of regulatory policies, etc. During the reporting period, all Directors attended training.

Types of training	Main training topics
Training organized by regulators and self-regulation organizations	Training sessions organized by the MOF, the SSE, and China Association for Public Companies, covering a broad spectrum of topics, including macro-economy and policies, corporate governance, information disclosure, investor relations management, market value management, independent director policies, and integrity building
Training organized by third-party institutions	Interpretation of the revision of the Company Law
Special training organized by the Bank	Comprehensive risk management AML and counter-terrorist financing Industry case overview Rectification based on regulatory notices Other themes related to operation and management



Company Secretaries' Participation in Training

Mr. Du Chunye and Dr. Ngai Wai Fung, Director and Chief Executive Officer of SWCS Corporate Services Group (Hong Kong) Limited, are joint company secretaries of the Bank. The primary contact person for Dr. Ngai Wai Fung at the Bank is Mr. Du Chunye.

During the reporting period, the company secretaries met requirements set in Rule 3.29 of the Hong Kong Listing Rules with far more hours spent in professional training in the year than the no less than 15 hours per year required by the regulator.

Independence and Duty Performance of Independent Non-executive Directors

During the reporting period, the Independent Non-executive Directors of the Bank complied with the relevant requirements regarding independence of independent directors under the Administrative Measures for Independent Directors of Listed Companies, the Self-Regulatory Supervision Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation, the Hong Kong Listing Rules and the Articles of Association, and their independence was not compromised. The Bank received annual confirmation letters from all Independent Directors, which included their confirmation on independence after self-examination, and considered that they were independent.

The Independent Non-executive Directors of the Bank actively fulfilled their duties of loyalty and diligence, and earnestly attended the Shareholders' General Meeting, meetings of the Board of Directors, and the meetings of the special committees to which they belong. They provided independent, objective, impartial, and professional opinions on key operational and managerial matters such as the legality and fairness of significant connected transactions, annual profit distribution plan, internal control assessment, nomination of directors, and the integrity and accuracy of information disclosure. By fully leveraging their roles in decision-making, supervision, checks and balances, and professional consulting, the Independent Non-executive Directors contributed to the continuous improvement of the Bank's governance effectiveness, with a strong focus on safeguarding the legitimate rights and interests of customers, employees, shareholders – including minority shareholders – and other stakeholders. During the reporting period, the Independent Non-executive Directors placed high importance on these matters. They convened several special meetings to review and deliberate on major connected transactions, such as the transfer of part of the beneficial interest of the trusts and beneficial interest of the asset management plan to China Post Capital Management Co., Ltd., adjustment to deposit agency fee pricing, forecast of the upper limits of connected transaction amounts for 2025-2027, the renewal of the land use rights and property leasing framework agreement and the comprehensive services framework agreement between Postal Savings Bank of China and China Post Group, and the continuation of the trademark licensing agreement. Additionally, they earnestly reviewed proposals, including the 2023 Annual Report and results announcement, the First Quarterly Report of 2024, the 2024 Interim Report and interim results announcement, the Third Quarterly Report of 2024, and the 2023 Corporate Social Responsibility Report, and ensured the disclosed contents were true, accurate and complete. During the reporting period, the Bank's Independent Non-executive Directors did not raise any objections to the resolutions of the Board of Directors or special committees of the Board of Directors.

By attending work meetings and results announcement conferences, and listening to special reports, the Bank's Independent Non-executive Directors proactively strengthened communication with other Directors, Supervisors, senior management members, functional departments, accounting firms, shareholders, and regulatory authorities to gain an in-depth understanding of the operation and management of the Bank and fully and effectively fulfill their duties. The Independent Non-executive Directors performed their responsibilities with integrity and diligence, complied with the working rules for Independent Non-executive Directors, and worked for the Bank for far more than 15 working days.

Corporate Governance

On October 30, 2024, the Bank organized and convened a symposium for Independent Directors, at which all Independent Non-executive Directors exchanged views and discussed matters including improving corporate governance, enhancing risk management and internal control, strengthening operational management, promoting business transformation and development, etc., and provided opinions and suggestions for business development after taking into account both internal and external environments and the Bank's actual situations. The Bank attached great importance to the opinions and suggestions of the Independent Non-executive Directors and timely organized studies and implementation without delay.

Board of Supervisors and Special Committees

Functions and Powers of the Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank and is accountable to the Shareholders' General Meeting. It exercises the following functions and powers according to the requirements of the Company Law of the People's Republic of China and the Articles of Association: to supervise the duty performance of the Board of Directors and senior management, to supervise and make enquiries on the duty performance of Directors and senior management members, and to urge Directors and senior management members to correct their conduct that is detrimental to the interests of the Bank; to propose the removal of or initiate legal proceedings against Directors and senior management members who violate laws, administrative regulations, the Articles of Association or the resolutions of Shareholders' General Meetings; to inspect and supervise the Bank's financial activities; to supervise matters such as business decision making, risk management and internal control, and give guidance to the internal audit department of the Bank to independently perform the duty of auditing and supervision, and carry out business management and evaluation of the internal audit department; to propose the convening of extraordinary general meetings, and convene and preside over the meeting when the Board of Directors fails to perform its duty of convening and presiding over the meeting as stipulated in the Company Law of the People's Republic of China; to make proposals to the Shareholders' General Meeting; to formulate amendments to the rules of procedures of the Board of Supervisors; to supervise the implementation of policies and basic management rules of the Bank; to nominate Shareholder Representative Supervisors, External Supervisors and Independent Directors; to conduct audit on resigning Directors and senior management members as required; to negotiate with the Directors on behalf of the Bank; to examine financial information to be submitted to the Shareholders' General Meeting by the Board of Directors, including financial reports, business reports, profit distribution plans, etc., and in case of any doubt, to entrust certified public accountants and auditors to assist in the review in the name of the Bank; to review the Bank's periodic reports prepared by the Board of Directors, and provide review opinions in writing; to supervise the appointment, dismissal, reappointment and audit work of the Bank's external auditors; to formulate measures for evaluating the duty performance of Supervisors; to formulate remuneration policies or plans for Supervisors, and propose remuneration allocation plans for Supervisors based on their performance evaluation, and submit them to the Shareholders' General Meeting for approval.

Composition of the Board of Supervisors

The Board of Supervisors of the Bank consisted of five Supervisors, namely Mr. Chen Yuejun, Chairman of the Board of Supervisors and Shareholder Representative Supervisor; External Supervisors Mr. Bai Jianjun and Mr. Chen Shimin; and Employee Supervisors Mr. Li Yue and Mr. Gu Nannan. For details of current Supervisors, please refer to "Corporate Governance – Directors, Supervisors and Senior Management".

Meetings of the Board of Supervisors

Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors of the Bank held 11 meetings (10 on-site meetings and one meeting by written circulation) in strict accordance with relevant laws, regulations, the Articles of Association, and the rules of procedure of the Board of Supervisors, at which it studied and reviewed 106 proposals and supervision items, including the 2024 work plan of the Board of Supervisors, the 2023 Annual Report, the report summary and results announcement, the 2023 internal control evaluation report, the 2023 work report of the Board of Supervisors, the 2023 evaluation report on the performance of the Board of Directors, the senior management and their members by the Board of Supervisors, the 2023 evaluation report on the performance of the Board of Supervisors and its members, etc.

Meeting	Date	Convening method	Resolutions
The First Meeting of the Board of Supervisors in 2024	February 29, 2024	On-site	Reviewed and approved the proposal on the 2024 work plan of the Board of Supervisors
The Second Meeting of the Board of Supervisors in 2024	March 28, 2024	On-site	Reviewed and approved the proposals including the 2023 final financial accounts plan, etc.
The Third Meeting of the Board of Supervisors in 2024	April 29, 2024	On-site	Reviewed and approved the proposals including the First Quarterly Report of 2024, etc.
The Fourth Meeting of the Board of Supervisors in 2024	May 30, 2024	On-site	Reviewed and approved the proposal on the relevant arrangement for 2024 interim profit distribution
The Fifth Meeting of the Board of Supervisors in 2024	June 4, 2024	On-site	Reviewed and approved the proposal on reappointment of accounting firms to provide interim review services for 2024
The Sixth Meeting of the Board of Supervisors in 2024	July 30, 2024	On-site	Listened to reports on the progress of technology finance initiative, etc.
The Seventh Meeting of the Board of Supervisors in 2024	August 30, 2024	On-site	Reviewed and approved the proposal on the 2024 Interim Report, report summary, and results announcement
The Eighth Meeting of the Board of Supervisors in 2024	September 30, 2024	On-site	Reviewed and approved the proposals including the engagement of accounting firms for 2024, etc.
The Ninth Meeting of the Board of Supervisors in 2024	October 30, 2024	On-site	Reviewed and approved the proposal on the Third Quarterly Report of 2024
The 10th Meeting of the Board of Supervisors in 2024	November 29, 2024	Written circulation	Reviewed and approved the proposal on the settlement of Supervisors' remuneration in 2023
The 11th Meeting of the Board of Supervisors in 2024	December 27, 2024	On-site	Reviewed and approved the proposals including the 2024 evaluation plan on the performance of the Board of Directors, the senior management, and their members by the Board of Supervisors, etc.

Attendance of Supervisors at Meetings

The attendance of the Bank's Supervisors at meetings of the Board of Supervisors and its special committees during the reporting period is listed below:

	Board of Supervisors			Nomination Committee	Duty Performance Supervision Committee	Finance and Internal Control Risk Supervision Committee
Supervisors	Number of attendance in person/Number of meetings that should be attended	Number of on-site meetings attended	Number of attendance by proxy	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended	Number of attendance in person/Number of meetings that should be attended
Shareholder Representative Supervisor						
Chen Yuejun	11/11	10	0	–	–	–
External Supervisors						
Bai Jianjun	11/11	10	0	2/2	–	10/10
Chen Shimin	9/11	8	2	–	6/6	–
Employee Supervisors						
Li Yue	11/11	10	0	2/2	6/6	10/10
Gu Nannan	11/11	10	0	2/2	6/6	10/10
Resigned Supervisor						
Zhao Yongxiang	1/1	1	0	–	–	–

Note (1): "Attendance in person" refers to on-site attendances and attendances by way of electronic communications, such as telephone and video conferencing.

Note (2): In the year 2024, there were no instances of Supervisors being absent from meetings of the Board of Supervisors, Supervisors failing to attend two consecutive meetings in person, or Supervisors failing to personally attend more than two-thirds of the on-site meetings of the Board of Supervisors.

Note (3): For details on changes in Supervisors, please refer to "Corporate Governance – Changes in Directors, Supervisors and Senior Management Members".

Special Committees of the Board of Supervisors

There are three special committees under the Board of Supervisors of the Bank, namely the Nomination Committee, Duty Performance Supervision Committee, and Finance and Internal Control Risk Supervision Committee.

Nomination Committee

The Nomination Committee of the Board of Supervisors of the Bank comprised three members, namely External Supervisor Mr. Bai Jianjun and Employee Supervisors Mr. Li Yue and Mr. Gu Nannan, and was chaired by Mr. Bai Jianjun. The Nomination Committee is mainly responsible for the formulation of procedures and criteria for the selection and appointment of Shareholder Representative Supervisors and External Supervisors, the preliminary review of their eligibility for appointment and qualifications, as well as other matters authorized by the Board of Supervisors. During the reporting period, the Nomination Committee held two meetings to study and review matters including the 2023 supervisor remuneration settlement plan.

Duty Performance Supervision Committee

The Duty Performance Supervision Committee of the Board of Supervisors of the Bank comprised three members, namely External Supervisor Mr. Chen Shimin and Employee Supervisors Mr. Li Yue and Mr. Gu Nannan, and was chaired by Mr. Chen Shimin. The Duty Performance Supervision Committee is mainly responsible for supervising and evaluating the performance of duties of the Board of Directors, the senior management and their members, providing advice to the Board of Supervisors, and handling other matters authorized by the Board of Supervisors. During the reporting period, the Duty Performance Supervision Committee held six meetings, at which it studied and reviewed matters including the suggestions on the 2023 performance evaluation result of the Board of Directors, the senior management and their members.

Finance and Internal Control Risk Supervision Committee

The Finance and Internal Control Risk Supervision Committee of the Board of Supervisors of the Bank comprised three members, namely External Supervisor Mr. Bai Jianjun, Employee Supervisors Mr. Li Yue and Mr. Gu Nannan, and was chaired by Mr. Bai Jianjun. The Finance and Internal Control Risk Supervision Committee is mainly responsible for studying and working out supervision reports on the Bank's finance, internal control, and risk management, supervising the establishment and improvement of the Bank's internal control governance framework and comprehensive risk management governance framework, and handling other matters authorized by the Board of Supervisors. During the reporting period, the Finance and Internal Control Risk Supervision Committee held 10 meetings, at which it reviewed the financial statements and audit report for 2023 and the engagement of accounting firms for 2024, etc.

Functions of Senior Management

Senior management members refer to the Bank's President, Vice Presidents, Secretary to the Board of Directors, and other senior management members designated by the Board of Directors. All senior management members are collectively referred to as senior management. During the reporting period, the senior management of the Bank carried out business management activities within the scope authorized by the Articles of Association and the Board of Directors, analyzed the internal and external situations in depth in accordance with the annual business objectives set by the Board of Directors, firmly guarded against risks, carried out work with solid steps and achieved sustained improvement in business performance.

Corporate Governance

The President of the Bank is accountable to the Board of Directors, and exercises the following functions and powers: to take charge of the operation and management of the Bank, to organize the implementation of the resolutions of the Board of Directors, and to report to the Board of Directors on its work; to formulate specific rules of the Bank (other than internal audit rules); to formulate business plans and investment plans of the Bank, and to organize the implementation of such plans upon approval by the Board of Directors; to formulate policies and fundamental management rules of the Bank, and to make proposals to the Board of Directors; to prepare the Bank's annual financial budget plan and final financial accounts plan, capital management plan, risk capital allocation plan, profit distribution plan, loss recovery plan, plan for increase or decrease of registered capital, plans for issuance of bonds or other marketable securities, listing plan, and stock repurchase plan, and make suggestions to the Board of Directors; to authorize Vice Presidents, other senior management members, heads of departments in the Head Office, heads of domestic and overseas tier-1 branches, branches and other institutions directly under the Head Office as well as overseas institutions to carry out daily operation and management activities within the scope authorized by the Board of Directors; and to exercise other functions and powers of the President as prescribed in laws, administrative regulations, departmental rules and the Articles of Association or determined by the Shareholders' General Meeting or the Board of Directors.

Division of Responsibilities between the Chairman and the President

Pursuant to code provision C.2.1 of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules and the Articles of Association, the roles of Chairman and President of the Bank are separated with a clear division of responsibilities. The Chairman of the Bank is responsible for major matters related to overall strategic development. The President of the Bank is responsible for the operation and management of the Bank. The President of the Bank shall be appointed by, and is accountable to, the Board of Directors, and shall perform duties in accordance with the Articles of Association and the authorization of the Board of Directors.

Due to change of job, Mr. Zhang Jinliang resigned as Chairman and legal representative of the Bank on April 25, 2022. Upon the recommendations of more than half of the Directors, Mr. Liu Jianjun, Executive Director and President of the Bank, assumed the responsibilities as the Chairman and legal representative of the Bank immediately after the resignation of Mr. Zhang Jinliang (hereinafter referred to as the "Transitional Arrangement"). Although the Transitional Arrangement deviates slightly from the regulatory requirements, the Board of Directors believed that it was an appropriate arrangement before the completion of the nomination and election of the Chairman candidate. This arrangement ensures the smooth operation of the Board of Directors and the day-to-day operation of the Bank, without weakening the balance of power and authority between the Board of Directors and the management of the Bank, for the following reasons: (1) the nomination and election of Chairman candidate require a certain amount of time and must go through statutory procedures; (2) Mr. Liu Jianjun has rich experience in the financial industry and a deep understanding of the Bank's operation, management, culture, etc.; (3) the resolutions of the Board of Directors require approval of at least half of the Directors, and there are five Independent Non-executive Directors on the Board who are able to effectively perform their duties, ensuring a balance of power in the Board's operations; (4) the Bank's major decisions on strategic, business, operational, and financial matters must be made collectively by the Board of Directors and the management upon discussion. Mr. Liu Jianjun's performing the duties of the Chairman is only a transitional arrangement. On January 2, 2025, the Board of Directors of the Bank nominated Mr. Zheng Guoyu as a candidate for Non-executive Director and elected him as Chairman of the Bank. On January 22, 2025, at the Bank's first extraordinary general meeting of the year, Mr. Zheng Guoyu was officially elected as Non-executive Director of the Bank. On February 13, 2025, the National Financial Regulatory Administration approved Mr. Zheng Guoyu's qualifications to serve as Chairman and Board Member of the Bank. In accordance with relevant regulations, Mr. Zheng Guoyu formally assumed the positions of Chairman and Board Member of the Bank on February 13, 2025. With Mr. Zheng Guoyu's appointment, Mr. Liu Jianjun ceased to serve as the interim Chairman of the Bank. The Bank is fully in compliance with Rule C.2.1 of the code provisions .

Securities Transactions by Directors and Supervisors

The Bank has adopted a code of conduct for securities transactions by Directors and Supervisors on terms no less stringent than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Hong Kong Listing Rules. The Directors and Supervisors of the Bank confirmed that they complied with the aforementioned code of conduct during the reporting period.

Appraisal and Incentive Mechanisms for Senior Management

The Bank has established clear standards in relation to the remuneration policies of senior management members, and continued to improve the performance appraisal system as well as incentive and constraint mechanism for them. The Bank determines performance-based annual remunerations of senior management members according to their performance assessment results, and has established the policy for deferred payment of performance-based annual remunerations.

Explanation of Independence from the Controlling Shareholder

The Bank possesses independent and complete business and autonomous management capabilities. There is no situation where the independence and autonomous management capabilities cannot be guaranteed in terms of assets, personnel, finance, institutions, and operations from the controlling shareholder. The controlling shareholder and its related parties do not occupy or control any assets of the Bank. The Bank has independent and sound financial, accounting, and personnel management policies, and the controlling shareholder and its related parties do not intervene in the financial, accounting, and personnel activities of the Bank. The controlling shareholder and its related parties do not intervene in the specific operations of the Bank, nor do they affect the independence of the Bank's operation and management. In addition, China Post Group, the Bank's controlling shareholder, has signed a non-competition undertaking, committing that China Post Group and other entities it controls will not engage in the same or similar businesses as those of the Bank.

Auditors' Engagement and Remuneration

As reviewed and approved by the 2023 Annual General Meeting, the Bank engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu to provide professional services for reviewing the Bank's 2024 interim financial report, with related service fees totaling RMB8.94 million. As reviewed and approved by the first extraordinary general meeting in 2024, the Bank appointed KPMG Huazhen LLP and KPMG as the auditors for the Bank for 2024. They were responsible for providing audit and related services for the Bank's financial statements, prepared in accordance with the China Accounting Standards for Business Enterprises and IFRSs for 2024, respectively. The audit engagement partners and certified public accountants began providing audit services to the Bank in 2024, and their accumulated service duration for the Bank is less than five years.

In 2024, the fees payable to KPMG Huazhen LLP and KPMG for services relating to the audit of Group financial statements provided to the Bank amounted to RMB18.18 million (including RMB1.6644 million for internal control audit). In 2024, the fees payable to KPMG Huazhen LLP and its network member institutions for other services provided to the Bank amounted to RMB5.4414 million.

Significant Changes to the Articles of Association during the Reporting Period

During the reporting period, there were no major changes to the Bank's Articles of Association.

Corporate Governance

Self-examination of Special Actions on the Governance of Listed Companies

The Bank has earnestly conducted a self-examination by following relevant requirements of the CSRC, and found no material differences between the actual practice of corporate governance and the requirements of laws, administrative regulations and CSRC normative documents on the corporate governance of listed companies. There were no major issues that needed to be disclosed to investors that might affect the Bank's operation and management.

Internal Control and Internal Audit

Internal Control

The Bank has established an internal control governance and organizational structure with reasonable division of labor, clear responsibilities, and clear reporting relationships which consists of the Board of Directors, the Board of Supervisors, senior management, departments of internal control management, internal audit departments, and business departments. Considering the purpose of monitoring the above internal control system is to manage rather than eliminate the risk of failing to achieve business objectives, the Board of Directors can only reasonably, not absolutely, assure that the above system and internal control can prevent any material misstatement or loss.

The Bank continuously refined the internal control system, underlined the importance of refined management and enhanced its ability to "proactively prevent, intelligently control, and comprehensively manage" risks through "early identification, early warning, early exposure, and early disposal". In response to regulatory requirements, the Bank carried out in-depth self-examination under the "Two Standardizations and One Improvement" initiative. For the issues identified during self-examination and inspection, the Bank developed and implemented corrective measures, prioritized standardizing unreasonable allocation of funds and deposit market orders, improved fund utilization efficiency, and consolidated the foundation for high-quality development. The Bank continued to advance the working mechanism of the rigid control of the problem identification system, continuously optimized the function of the bank-wide information system by starting with the governance of issues identified through multi-channel inspections, and established a regular, process-based, and professional closed-loop governance mechanism encompassing "problem identification, system optimization, review and evaluation, and root-cause rectification". Additionally, the Bank improved its overall remediation mechanism, revised problem rectification management measures, and ensured the timeliness, standardization, and effectiveness of problem rectification. The Bank deepened the development of a compliance culture by organizing activities such as the "Integrity in My Heart, Compliance in PSBC" online quizzes for improving Party conduct, promoting integrity, and spreading risk control and compliance knowledge. The Bank also conducted case warning education, launched "Compliance at Grassroots Level" touring lectures, compiled the Manual of Typical Violations by Credit Personnel, and produced case warning educational videos. These efforts were aimed at reminding employees to learn from the cases and comply with laws and regulations in their work.

In accordance with the requirements of the Basic Standards for Enterprise Internal Control and its supporting guidelines, the Guidelines for Internal Control of Commercial Banks, the Notice on Further Enhancing the Effectiveness of Internal Control for Financing Reporting of Listed Companies and other internal control regulatory requirements, and considering the Bank's basic rules for internal control and assessment methods, the Bank assessed the effectiveness of internal control as at December 31, 2024 (the base date of the internal control assessment report). Based on the Bank's identification criteria for deficiencies in internal control over financial reporting and deficiencies in internal control unrelated to financial reporting, as at the base date of the internal control assessment report, the Bank maintained effective internal control over financial reporting in all material aspects pursuant to the system of standards for enterprise internal control and relevant regulations with no significant internal control deficiencies over financial reporting or unrelated to financial reporting. The Board of Directors of the Bank reviewed and approved the 2024 Annual Internal Control Assessment Report of Postal Savings Bank of China Co., Ltd. Please refer to the announcements published by the Bank for details of the report.

KPMG Huazhen LLP audited the effectiveness of the internal control over financial reporting of the Bank as at December 31, 2024 in accordance with relevant regulations, and issued an unqualified internal control audit report. For details, please refer to the announcements published by the Bank.

Internal Audit

The Bank implements an internal audit system in accordance with the Guidelines for Internal Audit of Commercial Banks, and the Internal Audit Regulations of the National Audit Office of China, builds an independent and vertical audit system featuring "Audit Department at the Head Office + 7 regional audit offices + 29 audit divisions", establishes an audit management structure suitable for the Bank's operation and development and meeting the requirements for governance, sets up and effectively puts into practice the internal audit reporting system and reporting lines. The audit line of the Bank is independent from the first and the second lines of defense to continuously improve the professionalism and authority of audits. The Audit Department at the Head Office carries out work under the leadership of the Board of Directors and the Audit Committee thereunder, regularly reports to the Board of Directors, the Audit Committee thereunder, and the Board of Supervisors, and notifies the senior management.

The Audit Department at the Head Office is responsible for preparing the annual audit plan in accordance with the requirements of regulatory institutions and the corporate governance members of the Bank, and organizing the implementation of the plan upon the approval of the Board of Directors and the Audit Committee thereunder. It is responsible for the overall audit work and the coordination of audit resources of the Bank, as well as the organization and implementation of bank-wide audit activities in accordance with the audit charter of the Bank and relevant guidelines. The regional audit offices thereunder, in accordance with the unified arrangement, are responsible for implementing the annual audit plan of the Head Office, allocating audit resources under jurisdiction, and organizing the implementation of various audits. The audit divisions shall execute the audit tasks assigned and be responsible for carrying out audits.

During the reporting period, the internal audit of the Bank adhered to a concept of problem-oriented, risk-based, and efficiency-first audit, and carried out a series of audits around the execution of national strategies, high-quality financial development, ensuring both development and security, implementation of regulatory requirements, procedure-based operation of leadership power, and the bank-wide refined management. It provided audit opinions from the perspectives of policies and procedures, institutions and mechanisms, system operations, quality, and effectiveness of operations, bringing into full play its role in audit supervision, evaluation, and consultation. Meanwhile, the Bank attached equal importance to the rectification and disclosure of problems identified in audits, in a bid to improve the quality and effectiveness of the rectification of problems across the Bank.

During the reporting period, the internal audit of the Bank effectively advanced the development of the six major audit systems, namely audit organization, audit project management and control, audit policies and standards, utilization of audit results, audit team capability, and audit digital empowerment, enhanced the quality and effectiveness of audit supervision, and thus provided solid support to the Bank's steady operation and high-quality development.

Corporate Governance

Information Disclosure and Investor Relations

Information Disclosure

The Bank strictly abided by the information disclosure regulatory requirements of the listing places and fulfilled its information disclosure obligations. Adhering to the principle of providing concise, clear, and easily understood information, the Bank disclosed information in a true, accurate, complete, timely and fair manner. The Bank focused on building a unique and sustainable information disclosure management system, enhanced the quality and effectiveness of information disclosure, protected investors' right to information, and effectively improved the transparency of the Bank.

In 2024, the Bank further consolidated its systems and mechanisms for regular reporting and fully mobilized information resources across platforms. Through channels such as on-site research, regular interviews, and special studies, the Bank comprehensively strengthened coordination between the Head Office and branches, as well as collaborative innovation between the parent bank and subsidiaries. Focusing on the "five priorities" of the financial sector, the Bank highlighted the business advantages, complemented by visual design elements with PSBC characteristics, and explored and established a diversified, scalable, and verifiable path for voluntary information disclosure. For the 2023 Annual Report, PSBC won multiple awards in prestigious competitions such as the ARC Awards in the International Annual Report Competition, Vision Awards of LACP (League of American Communications Professionals), IADA (International Annual Report Design Awards), and the Galaxy Awards for International Marketing.

The Bank actively promoted the innovation and digitalization of day-to-day practices. By strictly implementing the established information disclosure system requirements and workflows, the Bank continued to enhance the recognition of the compliance culture related to information disclosure through updates to work manuals, training sessions, and the iteration and upgrading of the information disclosure management system. It standardized the management workflows for insider information and insiders, rigorously controlled the scope of individuals with access to such information, and timely registered insiders with access to confidential information. No corrections to major accounting errors and no material omission of information occurred during the reporting period. For four consecutive years, the Bank has been rated A (Excellent) by the SSE in its evaluation on annual information disclosure of listed companies.

Certificate of ARC Awards in International Annual Report Competition

Certificate of LACP (League of American Communications Professionals) Vision Awards

Certificate of IADA (International Annual Report Design Awards)

Certificate of Galaxy Awards for International Marketing

Investor Relations

The Bank remained true to its original aspiration of "serving the market and investors". Centering on building and maintaining a healthy market ecosystem, it focused on the needs and concerns of various types of investors and was dedicated to enhancing the quality and effectiveness of market communication at multiple levels, while promoting the Bank's investment value in an all-around way. Through multiple channels and media, it leveraged investor communication activities such as results presentations, roadshows, surveys, summits, and forums, and utilized communication platforms such as the investors hotline, mailbox, and SSE E-interaction to continuously respond to questions from small and medium-sized investors, so as to strengthen two-way interaction with the capital market, accurately communicated the Bank's differentiated competitive advantages and long-term development focus, and comprehensively enhanced market recognition of the Bank's value and business philosophy.

During the reporting period, under the emphasis and guidance of the Board of Directors and senior management, the Bank held four results presentations, including annual, interim, and quarterly results presentations. The 2023 annual and 2024 interim results presentations were both conducted through online video livestreaming, phone access and live text broadcast. After the presentations, the senior management members of the Bank led teams to carry out roadshows, conducted in-depth communication with investors and analysts on business development, transformation and innovation, strategic vision, and other situations of the Bank with a candid and pragmatic attitude, and actively responded to the concerns of the capital market.

In 2024, in order to engage domestic and overseas investors, the Bank organized 48 roadshows, attended 31 summits and forums, and received visits of 68 surveys. It held the Capital Market Open Day, and fully demonstrated the Bank's communication of strategies and front-line execution in the forms of roundtable discussions, branch and sub-branch research, customer visits, and outlet visits.

In 2024, the Bank won the honors of the "Best Practice in Investor Relations Management for Listed Companies" and "Best Practice for Results Presentation in 2023 Annual Reports of Listed Companies" from the China Association of Public Companies, the "Outstanding IR Company" award at the Panorama Investor Relations Gold Medal, the "Hong Kong Stock Exchange Listed Company Investor Relations Management Tianma Award", as well as the "Best Capital Market Communication Award" and the "Best Information Disclosure Award" at the China Excellent IR Annual Selection.

Best Practice for Results Presentation in Annual Reports by the China Association of Public Companies

Best Practice in Investor Relations Management for Listed Companies by the China Association of Public Companies

Outstanding IR Company at the Panorama Investor Relations Gold Medal

Best Capital Market Communication Award at the China Excellent IR Annual Selection

Corporate Governance

In accordance with relevant regulatory requirements, the Bank has kept a record of the aforementioned investor receptions and communication activities, and properly kept relevant documents.

If investors have any inquiries regarding the Bank's business performance, please contact:
The Office of the Board of Directors of Postal Savings Bank of China Co., Ltd.
Address: No. 3 Financial Street, Xicheng District, Beijing
Telephone: 86-10-68858158
Fax: 86-10-68858165
E-mail: psbc.ir@psbcoa.com.cn

Shareholder Communication Policy

The Bank has formulated a shareholder communication policy, which shall be reviewed periodically to ensure that the opinions and concerns of shareholders are effectively addressed. According to the shareholder communication policy, the Bank conveys information to the shareholders and investors through various channels: the Bank publishes annual reports, interim reports and quarterly reports on a regular basis, and holds the results announcement conferences to timely announce its operating results to shareholders and investors; the Bank holds annual general meetings and other extraordinary general meetings that may be convened, discloses the meeting materials in advance, timely answers the enquiries of shareholders and reviews the procedures of general meetings from time to time, in a bid to fully protect the shareholders' rights to attend meetings; the Bank updates the materials in the investor relations column regularly, and publishes all the disclosure information issued on the websites of the SSE and the Hong Kong Stock Exchange as well as other promotional materials of the Bank on its website, so that shareholders and investors may obtain the latest information about the Bank in a timely manner; the Bank actively holds various investor relations activities to maintain communication with shareholders and meet the reasonable needs of shareholders in a timely manner. The contact information of the Bank is shown on the Bank's website for any query from shareholders.

During the reporting period, the Bank reviewed the above-mentioned shareholder communication policy and its implementation, and believed that the shareholder communication policy was effectively implemented.

Report of the Board of Directors

Principal Business and Business Review

The Bank and its subsidiaries are mainly engaged in the provision of banking and related financial services. The Bank complied with the laws and regulations that have a significant impact on its operation in all material respects. The Bank's business operations, information on Directors and Supervisors, and business review as required by Schedule 5 of the Hong Kong Companies Ordinance are set out in relevant sections including "Message from the Management", "Discussion and Analysis", "Corporate Governance", "Significant Events", "Financial Statements", this "Report of the Board of Directors", etc.

Profit and Dividend Distribution

For the Bank's profit and financial position during the reporting period, please refer to "Financial Highlights" and "Discussion and Analysis – Analysis of Financial Statements".

With the approval at the 2023 Annual General Meeting held on June 28, 2024, the Bank, based on the total share capital of 99,161,076,038 ordinary shares, distributed cash dividends for 2023 at RMB2.610 (before tax) per ten ordinary shares, totaling approximately RMB25,881 million (before tax), to all the ordinary shareholders whose names appeared on the share register after the market closed on July 10, 2024. The record date for the distribution of A-share and H-share dividends was July 10, 2024. The A-share dividends for 2023 were distributed on July 11, 2024, and the H-share dividends for 2023 were distributed on August 8, 2024. The Bank did not convert any capital reserve to share capital.

With the approval at the 2024 Second Extraordinary General Meeting held on December 20, 2024, the Bank, based on the total share capital of 99,161,076,038 ordinary shares, distributed the interim cash dividends for 2024 at RMB1.477 (before tax) per ten ordinary shares, totaling approximately RMB14,646 million (before tax), to all the ordinary shareholders whose names appeared on the share register after the market closed on January 7, 2025. The record date for the distribution of A-share and H-share dividends was January 7, 2025. The A-share interim dividends for 2024 were distributed on January 8, 2025, and the H-share interim dividends for 2024 were distributed on January 24, 2025.

In accordance with the Company Law of the People's Republic of China, the Administrative Measures for Provisioning of Financial Enterprises, the Articles of Association, and relevant requirements, statutory surplus reserve of RMB8,530 million and general reserve of RMB17,852 million were appropriated for 2024. On the basis of 99,161,076,038 ordinary shares of the total share capital of the Bank, the Bank will distribute approximately RMB11,294 million (before tax) of final cash dividends for 2024 to all the ordinary shareholders whose names appear on the share register after the market closes on April 29, 2025 at RMB1.139 (before tax) per ten ordinary shares. Together with the interim cash dividends for 2024 already paid, the total cash dividends for the whole year of 2024 will be approximately RMB25,941 million (before tax) at RMB2.616 (before tax) per ten ordinary shares. The remaining undistributed profits are carried forward to the next year. The Bank did not convert its capital reserve to share capital in 2024. The above dividends will be paid to shareholders of A shares and H shares listed on the Bank's register of shareholders after the market closes on April 29, 2025 (Tuesday). The Bank will suspend the registration procedures of H share ownership transfer from April 25, 2025 (Friday) (inclusive) till April 29, 2025 (Tuesday) (inclusive). The H-share holders of the Bank who wish to receive the proposed cash dividends must lodge their share certificates together with the share transfer documents with the Bank's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on April 24, 2025 (Thursday). In accordance with the relevant regulatory requirements and business rules, dividends for A shares are expected to be paid on April 30, 2025, and those for H shares on May 22, 2025.

The aforesaid proposed final cash dividend distribution plan for 2024 is still subject to the review and approval of the 2024 Annual General Meeting of the Bank. The Bank will make further announcements on details of the distribution plan, distribution date, dividend-related tax matters, and tax relief related to the dividends.

The Bank had no plans for converting capital reserve to share capital in the last three years. The cash dividends of ordinary shares for the last three years are as follows:

Cash dividends of ordinary shares

Items	2024	2023	2022
Distributed dividends per ten shares (before tax, in RMB)	2.616	2.610	2.579
Cash dividends (before tax, in RMB million)	25,941	25,881	25,574
Net profit attributable to shareholders of the Bank in the consolidated statements (in RMB million)	86,479	86,270	85,224
Cash dividends as a percentage of net profit attributable to shareholders of the Bank in the consolidated statements (%)	30	30	30

Cash dividends of ordinary shares for the last three fiscal years

Accumulated cash dividends for the last three fiscal years (before tax, in RMB million) (1)	77,396
Accumulated repurchases and cancellation for the last three fiscal years (in RMB million) (2)	0
Accumulated cash dividends and repurchases and cancellation for the last three fiscal years (before tax, in RMB million) (3) = (1) + (2)	77,396
Annual average net profit for the last three fiscal years (in RMB million)[1] (4)	85,991
Percentage of cash dividends for the last three fiscal years (%) (5)=(3)/(4)	90
Net profit attributable to shareholders of the Bank in the consolidated statements for the latest fiscal year (in RMB million)	86,479
Undistributed profit at the end of the year in the Bank's individual statement for the latest fiscal year (in RMB million)	258,781

Note (1): The annual average net profit is the average net profit attributable to equity holders of the Bank in the consolidated statements.

Implementation of Cash Dividend Policy

The Bank attaches importance to ensuring reasonable returns to investors as well as maintaining the continuity and stability of profit distribution policies. It takes into account the overall interests of all shareholders as well as the long-term interests and sustainable development of the Bank. The Bank may distribute dividends in cash or in shares, and priority shall be given to cash dividend distribution. In principle, the Bank distributes its profits once a year, and might consider interim profit distribution under certain conditions. In 2024, the Bank increased the frequency of profit distribution and implemented interim cash dividends for the first time, so as to consistently create long-term, sustainable investment returns for investors.

The formulation and implementation of the Bank's cash dividend policy comply with the provisions stipulated in the Bank's Articles of Association and the requirements provided in the resolutions of the Shareholders' General Meeting. The decision-making procedures and mechanisms are complete, and the dividend distribution standards and proportions are clear and explicit. Independent Non-executive Directors have diligently fulfilled their obligations, played their due roles, and expressed their opinions. Minority shareholders have the opportunity to fully express their opinions and demands, and their legitimate rights and interests are fully protected.

Reserves

For details of changes in reserves of the Bank during the reporting period, please refer to "Consolidated Statement of Changes in Equity".

Financial Summary

For the summary of operating results, assets, and liabilities for the five years ended December 31, 2024, please refer to "Financial Highlights".

Donations

During the reporting period, the Bank donated RMB34,358.9 thousand (domestically).

Fixed Assets

For details of changes in fixed assets of the Bank during the reporting period, please refer to "Notes to the Consolidated Financial Statements – 24 Property and equipment".

Subsidiaries

For details of the Bank's majority-owned subsidiaries during the reporting period, please refer to "Discussion and Analysis – Majority-Owned Subsidiaries" and "Notes to the Consolidated Financial Statements – 22 Investment in subsidiaries".

Share Capital and Public Float

As at the end of the reporting period, the Bank had 99,161,076,038 ordinary shares in total (including 79,304,909,038 A shares and 19,856,167,000 H shares). As of the disclosure date of this report, based on publicly available information, the Bank had maintained sufficient public float in compliance with the minimum requirement of the Hong Kong Listing Rules.

Tax Relief

Shareholders of the Bank are taxed in accordance with the following tax regulations and the amendments thereof from time to time, and may enjoy possible tax relief according to the actual situation. Shareholders should seek professional advice from tax and legal advisors. The laws, regulations, and stipulations cited below are all relevant regulations issued as of December 31, 2024.

A-Share Holders

In accordance with the Notice on Implementing Differentiated Individual Income Tax Policy for Stock Dividends and Bonuses of Listed Companies (Cai Shui [2012] No. 85) and the Notice on Differentiated Individual Income Tax Policy for Stock Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) issued jointly by the MOF, the State Taxation Administration, and the CSRC, for shares of listed companies obtained by individuals from public offerings or the transfer market, where the holding period is less than one month (inclusive), the dividends and bonuses shall be counted as taxable income in the full amount; where the holding period is more than one month and less than one year (inclusive), 50% of the dividends and bonuses shall be counted as taxable income on a provisional basis; and where the holding period exceeds one year, the dividends and bonuses are temporarily exempted from individual income tax. The above-mentioned income is subject to a uniform individual income tax rate of 20%. The dividends and bonuses obtained by equity investment funds from listed companies are also subject to individual income tax in accordance with the aforementioned rules.

In accordance with Article 26.2 of the Enterprise Income Tax Law of the People's Republic of China, dividends, bonuses, and other equity investment proceeds distributed between qualified resident enterprises shall be tax-free.

Report of the Board of Directors

In accordance with Article 83 of the Implementation Rules for the Enterprise Income Tax Law of the People's Republic of China, dividends, bonuses, and other equity investment proceeds distributed between qualified resident enterprises referred to in Article 26.2 of the Enterprise Income Tax Law of the People's Republic of China mean those investment proceeds obtained by resident enterprises directly investing in other resident enterprises, excluding those investment proceeds obtained from publicly offered and tradable stocks of resident enterprises held for less than 12 months on a continuing basis.

In accordance with the Enterprise Income Tax Law of the People's Republic of China and the Implementation Rules for the Enterprise Income Tax Law of the People's Republic of China, dividend income obtained by non-resident enterprises shall be levied at a preferential enterprise income tax rate of 10%.

H-Share Holders

In accordance with Chinese tax laws and regulations, the dividends and bonuses received by overseas resident individual shareholders from stocks issued by domestic non-foreign enterprises in Hong Kong are subject to the payment of individual income tax, which shall be withheld by the withholding agents. However, overseas resident individual shareholders of stocks issued by domestic non-foreign enterprises in Hong Kong can enjoy relevant tax benefits pursuant to provisions in the tax conventions signed between China and the country where they reside or the tax arrangements between the Chinese mainland and Hong Kong (Macao). Accordingly, the Bank generally withholds 10% of the dividends to be distributed to individual H-share holders as individual income tax unless otherwise specified by relevant tax laws, regulations and agreements.

In accordance with the Notice on Issues concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) issued by the State Taxation Administration of the PRC, the Bank will withhold and pay enterprise income tax at a rate of 10% when distributing annual dividends to H-share holders who are overseas non-resident enterprises from the year of 2008.

In accordance with the current practice of the Inland Revenue Department of Hong Kong, there is no tax payable in Hong Kong on dividends paid by the Bank on H shares.

The taxation relating to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect shall be implemented in accordance with the requirements of the Circular on Tax Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) and the Circular on Tax Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) by the MOF, the State Taxation Administration, and the CSRC.

Repurchase, Sale or Redemption of Shares

During the reporting period, neither the Bank nor its subsidiaries repurchased, sold, or redeemed any of the Bank's listed securities (including the sale of treasury shares). The Bank did not hold any treasury shares as of the end of the reporting period.

Pre-emptive Rights

There are no mandatory provisions regarding pre-emptive rights in the Articles of Association of the Bank. According to the Articles of Association, the Bank may increase its registered capital by public or non-public issuance of shares, distribution of new shares to existing shareholders, placement of new shares to existing shareholders, conversion of capital reserve to share capital, and other methods as permitted by laws, regulations, and relevant authorities.

Equity-linked Agreement

During the reporting period, the Bank did not enter into or renew any other equity-linked agreements.

Major Customers

During the reporting period, the aggregate interest income and other operating income of the Bank's top five customers accounted for no more than 30% of the Bank's interest income and other operating income for the year.

Material Relationship with Employees and Suppliers

Due to the nature of its business, the Bank has no major suppliers.

For details of the Bank's relationship with its employees, please refer to the 2024 Sustainable Development Report of Postal Savings Bank of China published on the websites of the SSE, the HKEX, and the Bank.

Use of Raised Funds

The funds raised by the Bank have been used in accordance with the purposes disclosed in the offering prospectuses, which are to consolidate the Bank's capital base to support the continued growth of the Bank's business.

For the plan of the use of proceeds disclosed in the public disclosure documents such as prospectuses and offering prospectuses previously issued by the Bank, the implementation progress is in line with the planning as described after verification and analysis.

Directors' and Supervisors' Interests in Contracts of Significance

For details on the list of Directors and Supervisors, biographies, and their changes, please refer to "Corporate Governance – Directors, Supervisors and Senior Management". During the reporting period, none of the Directors or Supervisors of the Bank or entities associated with such Directors or Supervisors had any direct or indirect material interests in any significant transaction, arrangement or contract entered into by the Bank or any of its subsidiaries in relation to the Bank's business. None of the Directors or Supervisors of the Bank entered into any service contract with the Bank or any of its subsidiaries that is subject to indemnification (other than statutory damages) upon termination by the Bank within one year.

Directors' and Supervisors' Interests in Competing Businesses

None of the Directors and Supervisors have any interest in any business that directly or indirectly competes or may compete with the Bank.

Directors' and Supervisors' Rights to Acquire Shares or Debentures

During the reporting period, the Bank did not grant any of its Directors or Supervisors the right to subscribe for shares or debentures, nor were any of such rights exercised; nor did the Bank or its subsidiaries enter into any agreement or arrangement which would enable Directors and Supervisors to profit from the purchase of shares or debentures of the Bank or other companies.

Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors

As at the end of the reporting period, none of the Directors or Supervisors of the Bank held any interests or short positions (including interests and short positions in which they are deemed to have under such provisions of the SFO) in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the SFO) which are required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or any interests or short positions which are required to be recorded in the register under Section 352 of the SFO, or any interests or short positions which have to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules. For details of the interests and short positions of the Bank's substantial shareholders and other persons, please refer to "Changes in Share Capital and Shareholdings of Shareholders – Interests and Short Positions Held by Substantial Shareholders and Other Persons".

Report of the Board of Directors

Connected Transactions

During the reporting period, the Bank complied with domestic and overseas laws, regulations, and regulatory requirements, and advanced the management of connected transactions. It refined the management mechanism, improved approval and filing processes, organized training, continued to cultivate a compliance culture for connected transactions, and further improved the management of connected transactions. The Bank's connected transactions were conducted in accordance with laws and regulations and were in line with the overall interests of the Bank and minority shareholders. For further details on the connected transactions of the Bank, please refer to "Connected Transactions and the Implementation of the Management System for Connected Transactions" and "Notes to the Consolidated Financial Statements – 40 Relationship and transactions with related parties".

Remuneration of Directors, Supervisors, and Senior Management Members

The remuneration plan of senior management members of the Bank shall be reviewed and approved by the Board of Directors. The remuneration plan of Directors of the Bank shall be submitted to the Shareholders' General Meeting of the Bank for further review and approval after it is reviewed and approved by the Board of Directors. The remuneration plan of Supervisors shall be submitted to the Shareholders' General Meeting of the Bank for further review and approval after it is reviewed and approved by the Board of Supervisors. The annual remuneration of Directors, Supervisors, and senior management members shall be determined according to their annual assessment results. For details of the remuneration, please refer to "Corporate Governance – Directors, Supervisors and Senior Management". The Bank did not formulate any share incentive plans for the Bank's Directors, Supervisors, and senior management members.

Permitted Indemnity Provision

According to the Articles of Association, unless the Directors, Supervisors or senior management members are proved to have failed to perform their duties and responsibilities honestly or in good faith, the Bank shall bear the civil liability incurred by the Directors, Supervisors, and senior management members during their terms of office to the greatest extent permitted by laws and administrative regulations or to the extent not prohibited by laws and administrative regulations. The Bank has purchased liability insurance for Directors, Supervisors, and senior management members to cover potential risks arising from their discharge of duties.

Financial, Business, and Family Relationships among Directors, Supervisors, and Senior Management Members

Save as disclosed in this report, the Bank is not aware of any other financial, business, family or other material relationships between the Directors, Supervisors, and senior management members of the Bank.

Management Contracts

During the reporting period, the Bank did not enter into or maintain any management or administrative contracts relating to the Bank's overall or important business.

Annual Performance Audit

The financial report of the Bank for the year 2024, prepared in accordance with PRC GAAP and IFRSs, has been audited by KPMG Huazhen LLP and KPMG in accordance with domestic and international auditing standards respectively with unqualified auditor's reports issued.

The Board of Directors of
Postal Savings Bank of China Co., Ltd.
March 27, 2025

Report of the Board of Supervisors

Work of the Board of Supervisors

During the reporting period, the Board of Supervisors of the Bank resolutely implemented the decisions and plans of the CPC Central Committee and the State Council, strictly followed regulatory requirements, focused on refined management around the Bank's priorities, earnestly performed its core supervisory functions in terms of duty performance, risk management, financial management, and internal control, among other aspects, and earnestly safeguarded the legitimate rights and interests of the Bank and its shareholders, employees, creditors, and other stakeholders, hence providing strong support for the Bank's high-quality development. All Supervisors performed their duties faithfully and diligently, discussed matters and made decisions in compliance with laws and regulations, expressed comments and suggestions independently, professionally, and objectively, and intensively participated in supervision, inspection, and surveys. Their time of duty performance for the Bank complied with regulatory requirements.

Supervision on Strategies

The Board of Supervisors focused on implementing major strategies for optimizing and strengthening the management of their primary responsibilities and core businesses. Following the decisions and plans of the CPC Central Committee, it listened to reports on the Bank's progress in advancing the 14th Five-Year Plan Outline, as well as in developing technology finance, green finance, inclusive finance, pension finance, and digital finance. It also supervised the implementation of these major strategies. Focusing on the guiding principles of the Central Financial Work Conference, it conducted special supervision on managing risks from credit-type small business loans. It made progress in developing inclusive finance and improved the quality and efficiency of financial services for the real economy. Guided by the rural revitalization strategy, the Board of Supervisors conducted special supervision on managing risks related to industrial loans. It promoted the high-quality development of Sannong finance under the new conditions and contributed to rural revitalization on all fronts. In line with the carbon emissions peaking and carbon neutrality strategy, the Board of Supervisors worked on environmental information disclosure. It closely monitored the development of green finance as well as ESG and climate risk management, advanced green banking and achieved significant progress in green finance.

Supervision on Duty Performance

The Board of Supervisors focused on improving governance capacity and kept enhancing the supervision on and evaluation of duty performance. It organized and carried out the annual performance evaluation. It systematically reviewed the evaluation basis, enriched key priorities, improved the evaluation process and steps, and improved the online evaluation experience. The Board of Supervisors strengthened the analysis and application of evaluation results and reported the results and improvement suggestions to the Board of Directors on-site. It prepared an analysis report on the evaluation results and conducted special supervision to ensure efficient and standardized duty performance by governance entities. The Board of Supervisors maintained its supervision of consolidated management and conducted special oversight of PSBC Consumer Finance to improve governance across the Bank Group. It also strengthened daily supervision of duty performance. It closely monitored the processes and behavior of the Board of Directors, senior management, and their members in their daily performance of duties. It paid special attention to duty performance in key areas such as shareholder governance, risk prevention, and consumer protection. These efforts ensured that the main responsibilities were fulfilled properly.

Supervision on Risk Management

The Board of Supervisors focused on key risk areas to prevent and resolve material risks. It strengthened oversight of risk control mechanisms, listened to reports on comprehensive risk management, capital management, and the implementation of the expected credit loss method, and provided targeted supervisory opinions. The Board of Supervisors enhanced the supervision of risks related to high-risk products. It conducted special supervision of personal housing loans and personal business loans, and helped improve product risk management and control capabilities to support stable business operations. As to the tightened oversight of risks in key areas, it carried out special supervision of risks associated with local government debts and loans to local government financing vehicles (LGFVs) to ensure that no systemic risks arise. The Board of Supervisors strengthened oversight of the comprehensive risk management system, monitored the implementation of new capital regulations and the application of advanced capital measurement approaches, and closely tracked the Bank's compliance with capital adequacy ratios and various risk limits to help enhance overall risk management capabilities. It intensified supervision over market risks, paid close attention to the maturity structure of the Bank's foreign currency assets and liabilities as well as the profit/loss of foreign exchange swap transactions, and promoted strengthened analysis and better estimate of market risks related to exchange rates and interest rates. The Board of Supervisors also strengthened its research on non-credit business risks, further analyzed the risk situation of small and medium-sized banks, and raised the level of risk prevention and control on all fronts. It reinforced supervision of consolidated risk management, paid attention to the operations and risk management of majority-owned subsidiaries, and helped enhance the Bank Group's overall risk prevention capabilities.

Supervision on Finance

The Board of Supervisors focused on refined financial management to help the Bank reduce costs and improve efficiency. It kept strengthening its deliberation on major financial matters, including periodic reports, final financial accounts, profit distribution, and the engagement of accounting firms. It also listened to reports on key areas such as fixed asset investments, connected transactions, pricing of the deposit agency fee, land use rights, and house leasing. Focusing on key financial areas, the Board of Supervisors analyzed institutional and business line development, intermediary business income, economic value added, and receivables, and provided targeted supervisory opinions based on these analyses. The Board of Supervisors conducted special supervision of performance evaluation management of branches and sub-branches, paid attention to the compliance, rationality, and effectiveness of evaluation indicators, and promoted the full utilization of performance evaluation as a tool to guide operations. The Board of Supervisors paid close attention to outlet governance and insurance claims management, and intensified efforts to address issues identified through financial supervision, enhancing the effectiveness of its oversight. The Board of Supervisors also evaluated external audits on a regular basis. It communicated with external auditors about audit findings to create a coordinated approach to supervision.

Supervision on Internal Control

The Board of Supervisors emphasized the effectiveness of internal control and compliance and promoted the construction of a secure firewall for the Bank's internal control and compliance. It continued to monitor the development of the internal control governance structure and reviewed proposals related to internal control evaluation, case prevention, AML, consumer protection, agency financial management, information technology (IT), and auditing. It urged the three lines of defense to fulfill their responsibilities effectively and promoted the development of the internal control system. The Board of Supervisors followed up on key areas of internal control and compliance. It analyzed issues in case prevention, money laundering risks, customer complaints, guarantee management, and IT, and provided targeted supervisory recommendations. The Board of Supervisors made solid efforts to conduct special supervision, and carried out special supervision on effectiveness management of information system. It paid attention to the comprehensive configuration of system development, demand management, functional design and application support to promote IT application across the Bank.

Self-building

The Board of Supervisors continued to improve the work mechanism of supervision, and consistently improved supporting capacity via services. For the issues found and opinions voiced by the Board of Supervisors during 2019-2023, it examined the implementation of rectification measures and further improved the rectification supervision mechanism. The Board of Supervisors incorporated the rectification results of important supervisory findings and key supervision reports in the scope of special supervision of implementation, specified responsible units, timeframes for rectification, and improvement plans, and regularly updated the progress of rectification. These efforts effectively promoted the implementation of supervisory recommendations. The Board of Supervisors improved the reporting mechanism for the execution of resolutions and the implementation of supervisory opinions. It introduced a new report on the implementation of Supervisors' deliberations and work requirements, and regularly tracked progress from the responsible departments. It organized Supervisors to participate in thematic training held by organizations like China Association for Public Companies, and assisted Supervisors in enhancing their professional competence in performing duties. Moreover, the Board of Supervisors organized office staff to participate in internal audit projects on-site in an orderly manner, and continuously strengthened the competence training and capacity building of the supervisory team. These steps further enhanced the synergy of work and the quality and efficiency of supervision.

Work of External Supervisors

During the reporting period, External Supervisors of the Bank acted in strict compliance with the Articles of Association, performed their duties diligently, discussed at meetings in due course, and fully studied and reviewed all proposals. They actively participated in all supervision activities carried out by the Board of Supervisors, earnestly attended meetings of the Board of Supervisors and its special committees, and expressed professional, rigorous, and independent opinions and recommendations, playing an active role in improving corporate governance and the management of the Bank. Time spent by each External Supervisor on supervision for the Bank complied with the regulatory requirements.

Independent Opinions Issued by the Board of Supervisors

Law-compliant Operation

During the reporting period, the Board of Directors and the senior management of the Bank continued to operate in compliance with applicable laws and regulations and improved internal control policies, with the decision-making procedures complying with laws, regulations and the Articles of Association. The Directors and senior management members performed their duties conscientiously. The Board of Supervisors did not find they had any violation of laws and regulations or any act that harmed the interests of the Bank in their performance of duties.

Annual Report

The preparation and review procedures of this annual report of the Bank were in compliance with laws, regulations and regulatory provisions, and contents of this report reflected the actual conditions of the Bank truly, accurately, and completely.

Use of Raised Funds

During the reporting period, the use of raised funds by the Bank was in line with the purposes as disclosed in the prospectuses.

Acquisition and Sale of Assets

During the reporting period, there was no insider dealing or any other act that impaired the shareholders' interests or resulted in losses of the Bank's assets in the process of the Bank's acquisition or sale of assets.

Connected Transactions

During the reporting period, the Bank's connected transactions were conducted based on commercial principles. The Board of Supervisors did not find any activity that impaired the interests of the Bank. The approval, voting, disclosure, and implementation of connected transactions complied with applicable laws and regulations, and the Articles of Association.

Report of the Board of Supervisors

Implementation of Resolutions Passed at the Shareholders' General Meeting

During the reporting period, the Board of Supervisors had no objection to the reports or proposals presented by the Board of Directors to the Shareholders' General Meeting for consideration. The Board of Directors earnestly implemented the resolutions approved at the Shareholders' General Meeting.

Internal Control

During the reporting period, the Board of Supervisors reviewed the Bank's annual internal control assessment report and had no objection to the report.

Implementation of Information Disclosure Management Rules

During the reporting period, the Bank performed its duty of information disclosure in strict compliance with the regulatory requirements, implemented the information disclosure management rules earnestly, and disclosed information in a timely and fair manner. Information disclosed during the reporting period was true, accurate, and complete.

Corporate Social Responsibilities

During the reporting period, the Bank earnestly performed its social responsibilities. The Board of Supervisors reviewed the Bank's 2024 Sustainable Development Report and had no objection to the report.

Performance Evaluation of Directors, Supervisors, and Senior Management Members

All the Directors, Supervisors, and senior management members who participated in the performance assessment were evaluated as competent.

Save as disclosed above, the Board of Supervisors had no objection to other supervision issues during the reporting period.

Board of Supervisors of
Postal Savings Bank of China Co., Ltd.
March 27, 2025

Environmental and Social Responsibilities

Green Finance

Balance of green loans amounted to RMB **781,732** million, up by **22.55**% from the prior year-end.

The Bank was rated as an "Advanced Organization in Green Bank Evaluation" by China Banking Association.

The Bank was awarded "AA" in MSCI's ESG ratings.

The Bank completed carbon accounting for over 10,000 enterprises.

The Bank thoroughly implemented the guiding principles of the 20th National Congress of the CPC, the Third Plenary Session of the 20th CPC Central Committee, the Central Economic Work Conference, and the Central Financial Work Conference, firmly established and put into action the philosophy that "lucid waters and lush mountains are invaluable assets", strictly followed the national policies and regulatory requirements, and supported the UN's Sustainable Development Goals (SDGs) for 2030 and the Paris Agreement. From the aspects of governance structure, policy system, resource allocation, product innovation, risk management, and capacity building, the Bank engaged in green finance and contributed to the building of a beautiful China. It vigorously developed sustainable finance, green finance and climate financing, explored transition finance and just transition, supported biodiversity protection, and contributed to achieving the realization of carbon peaking and carbon neutrality goals. As at the end of the reporting period, the Bank's balance of green loans amounted to RMB781,732 million, up 22.55% over the prior year-end, and outpaced the average growth rate of the Bank's various loans for several consecutive years; the balance of green bond investments amounted to RMB49.91 billion, representing a growth rate of 35.74% over the prior year-end; the value of green bond underwriting stood at RMB20,897 million. The Bank was continuously rated as an "Advanced Organization in Green Bank Evaluation" by China Banking Association, and awarded "AA" in MSCI's ESG ratings, the "IFF Global Green Finance Award • Annual Award" by the International Finance Forum (IFF), the "2024 Best Case for Sustainable Development of Public Companies" by China Association for Public Companies, etc.

Improving the governance structure. The Bank advanced green banking at the strategic level, and strengthened green corporate governance. The Board of Directors, the Social Responsibility and Consumer Rights Protection Committee under the Board of Directors, and the Board of Supervisors regularly listened to reports about green banking and ESG management, and established and promoted the green development philosophy that advocates resource conservation, low carbon, environmental protection, sustainable development, etc. The senior management implemented decisions made by the Board of Directors; and the green finance steering groups for carbon peaking and carbon neutrality and the working groups regularly held meetings, set green finance goals, made overall plans and systematically advanced the work related to carbon peaking and carbon neutrality. The Bank promoted institutional and mechanism innovation, set up a total of 44 green finance institutions, including carbon neutrality sub-branches, green sub-branches, and green finance departments, etc., and improved the quality and effectiveness of transition to low-carbon and green finance services.

Environmental and Social Responsibilities

Optimizing the policy system. The Bank continued to optimize the credit extension policies, and developed separate guidelines on the credit extension policy for green finance. The guidelines clearly categorize industries such as hydropower, nuclear power, wind power, photovoltaic power generation, biomass power generation, electrochemical energy storage, energy conservation and environmental protection, new energy vehicles, lithium-ion batteries, charging stations, railways, rail transit, and marine industries as industries encouraged to finance. ESG factors have been integrated into the credit extension policies for key industries, with an emphasis on biodiversity protection and climate change. The Bank conducted classified management and dynamic assessments of customers' ESG risks, and, based on industry attributes and business characteristics, continuously increased differentiated policy support and control efforts. The Bank adhered to the "one-vote veto" system for environmental protection, prohibited providing support for overseas high-carbon fossil fuel energy projects such as coal and coal power, and implemented a "zero tolerance" policy for customers and projects that did not comply with environmental protection or industrial policies. The Bank formulated the Work Plan for Green Finance of Postal Savings Bank of China to make overall arrangements for green finance work, and the Guidelines for Transition Loan Business of Postal Savings Bank of China to actively support the development of transition finance business.

Optimizing resource allocation. From aspects including performance assessment, scale of credit extension, internal funds transfer pricing (FTP), economic capital measurement, etc., the Bank channeled more resources to support key areas of green finance such as low-carbon transportation, renewable energy, clean energy, green buildings, and energy conservation and environmental protection. It established core business indicators for the balanced scorecard in Head Office department assessment and performance assessment measures of business management for tier-1 branches, incorporating relevant indicators such as green credit and ESG risks into the performance assessment system for the Head Office's departments and branches. Scale of credit extension and capital were prioritized to meet the demands of green credit business. The Bank implemented a differentiated economic capital adjustment coefficient, reducing the economic capital adjustment coefficient for green finance business to 90%. It cut 15 bps for green loans and green bonds, and 70 bps for inclusive green loans for MSEs for the FTP (Funds Transfer Pricing). In accordance with the principle of matching authorization with capabilities, the Bank implemented differentiated approval authorities for green finance business, and increased the approval authority for energy conservation and environmental protection, photovoltaic power generation, wind power, biomass power generation, hydropower, and other green finance fields. It also opened a "green channel" for review and approval, reinforced the support for parallel processing, and facilitated the development of green finance business.

Continuing product innovation. First, the Bank launched multiple pioneering businesses. Specifically, it launched China's first "ESG loan + insurance" business, granted the first "ESG climate finance loan", and issued the first photovoltaic loan for rural collective economic organizations. Second, the Bank made innovations in green finance scenarios. It launched the innovative product Green G Discount. As at the end of the reporting period, the face value of discounted bills totaled RMB4,216 million on a cumulative basis. It also introduced personal carbon account in the low-carbon section of the Bank's mobile banking, which records users' low-carbon behaviors related to green finance, green life, green public welfare and other scenarios, and provided incentives such as reward redemption to encourage users to live a low-carbon lifestyle. Third, the Bank vigorously developed carbon finance and transition finance businesses. In collaboration with the Institute of Public & Environmental Affairs (IPE), it provided carbon accounting services for corporate customers. As at the end of the reporting period, it completed carbon accounting for over 10,000 enterprises. It also launched several transition finance and sustainability-linked financing businesses.

Strengthening ESG risk management. The Bank incorporated environmental and climate risks into its comprehensive risk management framework, established an environmental information database, identified and assessed climate risks, and carried out special ESG and climate risk investigation as well as climate risk stress tests, continuously enhancing its ESG and climate risk management capabilities. The Bank strengthened the use of financial technology tools and methods, continuously optimized and improved its green finance big data platform, and collected, organized, and analyzed publicly available environmental information from governments and enterprises via the Bank's "Jinjing" credit risk monitoring system to build the environmental information database. Leveraging the Dynamic Environmental Performance Appraisal (DEPA) solution from the IPE, the Bank dynamically evaluated the environmental performance of enterprises from the perspectives of pollution prevention and control, environmental management, and social supervision, so as to quickly and effectively identify the environmental credit risks of enterprises and improve the quality and efficiency of credit management. The Bank carried out special ESG and climate risk investigation for eight consecutive years, conducted special ESG risk investigation across the Bank as well as special climate risk investigation of enterprises with high energy consumption and high pollution, and tailored risk mitigation measures for each issue of risky customers. It conducted stress tests of climate risk for eight high-carbon industries. The test results showed that under the stress scenario, the credit risk of some high-carbon customers increased, but the impact on the Bank's capital adequacy level was generally controllable.

Use Case

PSBC Fujian Branch launched the Bank's first transition loan business, efficiently supporting the transformation and upgrading of traditional industry enterprises in the region. This product is designed with sustainable development as its goal, offers well-targeted loans, and is supported by a unique interest rate structure and policy backing. The loan was granted to a regenerated fiber production enterprise in Fujian. Since its establishment, the enterprise has continuously improved production quality and efficiency and promoted energy conservation and emissions reduction through technological innovation and upgrade, committing itself to a green circular economy. The enterprise is the type of customer that the Bank prioritizes in issuing the transition loan. After learning that the enterprise required funding for a 10,000-ton environmental-friendly regeneration fiber technology upgrade project, PSBC Fujian Branch immediately set up a working group in collaboration with the Head Office, customized the product solution, and partnered with professional third-party environmental evaluation agencies, to provide the enterprise with services that combine financing with professional expertise. This marks the Bank's first transition loan business, and it offers the enterprise long-term financial support for its transition project. The transition loan business of the Bank has improved the accessibility of targeted financing for the transformation of traditional industries and is another significant innovation in the Bank's transition finance business, following the sustainability-linked loan products.

Environmental and Social Responsibilities

Enhancing capacity building. The Bank actively participated in seminars and exchange activities organized by the Ministry of Ecology and Environment, the PBC, the NFRA, the Green Finance Committee of China Society for Finance and Banking, the China Banking Association, the Climate Investment and Finance Association of Chinese Society for Environmental Sciences, the China Association for Public Companies, and research institutes from universities. The Bank strengthened its cooperation with external professional institutions and learned from the wisdom and experience of leading international green finance institutions. It enriched its green finance training system, and organized bank-wide special training sessions on credit extension policies, green credit statistics, ESG and climate risks, etc. A total of 36 tier-1 branches and subsidiaries signed the letters of commitment on ecological and environmental protection, fulfilling the political and social responsibilities of a large state-owned bank.

Green Operation

The Bank follows the concept of low-carbon development and continuously practices green operations. It organized the principal responsible persons of 36 tier-1 branches and majority-owned subsidiaries to sign Letters of Commitment on Ecological and Environmental Protection of 2024, and issued the Work Plan for Green Finance of Postal Savings Bank of China, the Work Plan for Earnestly Implementing the Requirements of Frugality of Postal Savings Bank of China, the Action for Implementing the "Habit of Frugality" of Postal Savings Bank of China, and the Notice on Circulating the Proposal of China Post Group to Its Cadres and Employees on Firmly Establishing the Mindset of Frugality and Being Advocates, Practitioners, and Role Models of Hard Work and Thrift. These initiatives advocated for a green, low-carbon, civilized, and healthy working and living style, while fostering the concepts of energy conservation, efficiency improvement, and green development. The Head Office departments and institutions conducted quarterly green office inspections, further strengthened electricity and water conservation management, enhanced employees' awareness of green office practices, and standardized their energy use behaviors. The Bank minimized color printing and draft document printing whenever possible, promoted double-sided printing, and advocated for paper-saving practices. It also conducted special inspections under the theme of "Eliminating Food Waste and Strengthening Food Safety Together", and enhanced publicity and education to reinforce the awareness of frugality. In response to local government requirements for energy conservation and emissions reduction, the Head Office has successfully met the total energy consumption control targets set by the municipality of Beijing for three consecutive years. In 2024, the total energy consumption at the Head Office decreased by more than 5%.

The Bank promotes the development of green buildings by aligning with green building design standards and applying advanced energy-saving technologies. The Implementation Rules for Preliminary Design of Infrastructure Projects of Postal Savings Bank of China (revised version 2024) was issued, with an introduction of a dedicated section on green building design. The Bank implemented green building standards tailored to local conditions, calculated the carbon emissions over the entire life cycle of buildings, and added green design requirements for HVAC systems, water supply and drainage systems, and electrical and lighting systems. Renovation projects for the business premises of the PSBC branches in Beijing, Guangdong, Hebei and Henan were designed in strict accordance with the Design Standard for Energy Efficiency of Public Buildings and the Assessment Standard for Green Building (GB/T50378-2019). The renovation project for PSBC Shanghai Huangpu Sub-branch and the Bund Private Banking Center followed the Standard for Water Saving Design in Civil Building and applied energy-saving technologies listed in the Catalogue of Technical Standard for Energy Efficiency Retrofit of Existing Public Building for Shanghai. These projects strictly adhered to the green and low-carbon building requirements set by local governments. The Hefei Base has already completed a photovoltaic power generation system with a total installed capacity of 125.345 kW. The power generation reached 139.9 thousand kWh in 2024 and the system has cumulatively generated 420 thousand kWh of electricity since it went into operation, with 100% of the generated electricity used for self-consumption.

Care for Employees

The Bank continuously promotes the development of staff homes. It completed the evaluation and recognition of bank-wide model staff homes and the selection process of model staff homes across the national postal system for the period of 2021-2023, selected outstanding examples of staff home building, and promoted excellent practices in building staff homes. The Bank standardized the building of staff homes across all branches, updated the visual identity system of staff homes, gradually developed staff homes into centers for employee care, employee development, and cultural activities, and effectively enhanced the ability of the Labor Union in serving employees.

» PSBC's staff homes

The Bank organized various cultural and sports activities to enrich the cultural life of employees and cultivate a spirit of unity and progress. It held a wide range of sports events to improve employees' physical fitness, promote communication and collaboration among employees, and strengthen team cohesion and pioneering spirit.

» The Third Sports Meeting of the Head Office

» The Third Employee Table Tennis Competition

» 2024 Employee Billiards Ranking Tournament

The Bank organized the 2024 Bank-wide Riding the Waves Grassland Music Festival and Carnival, showcasing the enterprising spirit of PSBCers in the new era. All performances at the music festival were presented by employees from both the Head Office and branches. Nearly 1,000 employees participated in person, with over 20,000 viewers watching the event online. Additionally, wealth management customers were invited to join PSBCers to take part in various activities of the event.

» 2024 Riding the Waves Grassland Music Festival and Carnival

With the overall goal of "developing the awareness of mental health, enhancing the ability of psychological adjustment, and promoting the development of a harmonious enterprise", the Bank called for efforts to proactively address the root causes of employees' stress, provided guidance to create a sound working atmosphere, and made solid progress in providing psychological care for employees. The Bank continued to improve the mechanism, strengthen team building, set up designated areas and develop demonstration sites. It built mental health centers and teams of mental health professionals, carried out pilot programs to play a guiding and exemplary role, promoted a mental health hotline, and held various mental care activities for frontline employees such as mental health lectures, employee mental care skill training, and psychological counseling. All of these efforts encouraged and helped employees shape a positive mindset.

The Bank carried out the "Annual PSBCer Survey" for the sixth consecutive year, continuously tracking employee experiences and covering more than 80% of the Bank's employees. The Bank then released the report titled Resilient Growth – Annual PSBCer Survey 2023. The Bank also made full use of the survey results to know employees' emotional aspects beyond their work-related aspects, with an emphasis on understanding their core concerns and factors that directly influence their work status and performance. From the dual perspectives of "organizational development" and "employees' growth", the Bank sought to uncover the strength of resilience and boost confidence in growth.

The Bank continued to develop mental health centers.

Resilient Growth – Annual PSBCer Survey 2023

The 2023 Annual High-Quality Development Award Ceremony of Postal Savings Bank of China, themed on "Gathering Strength, Towards the Future", was held on July 27 in Beijing. The ceremony honored tier-1 branches and key city branches with outstanding performance in operational quality and efficiency and significant improvements in capabilities, as well as managers from the Head Office and branches who made exceptional contributions to reform and development and excelled in performance evaluations in 2023. A total of 14 tier-1 branches, 10 city branches, and 13 individuals were recognized. The event also featured the release of the thematic video "Gathering Strength in 2023" which displayed the daily work of employees from nine outstanding branches across different business positions. The video captured scenes from diverse locations, from the high-altitude plateau of Gannan to the forests of Changbai Mountain in Jilin, from the bustling bazaars of Xinjiang's Uyghur region to small towns in Anhui's rural areas, from the shores of Weishan Lake in Shandong to the porcelain capital of Jingdezhen in Jiangxi. In every scene, PSBCers are seen diligently fulfilling their duties and working hard. Through these everyday yet touching work scenarios, the video reflected the spirit of unity and pioneering efforts of the 190 thousand PSBCers, who strive together on the vast land of China.

Scan the QR code to watch thematic video "Gathering Strength in 2023"

Job stories in "Gathering Strength in 2023"

Environmental and Social Responsibilities

Consumer Protection

The Bank attached great importance to consumer rights protection and upheld the responsibility of serving the people through financial services. It took the achievement, protection, and development of consumers' legitimate rights and interests as both the starting point and the end goal, and incorporated consumer protection into the Bank's corporate governance, corporate culture building, and business development strategies. The Bank continued to improve the whole-process consumer protection that involves prevention, in-process control, and post-event supervision, and fulfilled its main responsibility for protecting consumer rights and interests, providing strong support for the high-quality development of the financial sector.

During the reporting period, the Bank continued to strengthen the building of its policy systems and mechanisms, enhanced senior management's performance, revised the working rules of the Head Office's Consumer Rights Protection Committee, established a tracking mechanism for implementing decisions made by the committee, and continually improved the governance system. The Bank established a "1 + 1 + 3" consumer protection supporting mechanism, which includes building "a knowledge-sharing platform", "a regular experience-exchange mechanism between the Head Office and branches", and "three work databases of typical complaint cases, typical consumer protection review cases, and financial knowledge promotional materials", empowering organizations at various levels to improve consumer protection. The Bank continued to advance the digital and intelligent transformation of complaint management, developed an intelligent complaint classification model, added new features such as a complaint label ranking list, a most rapidly rising label list, and automatic generation of complaint reports and risk clues, improving the precision of problem identification, strengthening monitoring alerts, and enhancing traceability and corrective measures. The Bank comprehensively improved the quality and efficiency of consumer protection reviews, issued review guidelines and key review points, compiled review cases, strengthened the exchange and sharing of review experiences, optimized the review platform functionality, launched an intelligent recommendation feature for review suggestions, and drove the digital and intelligent transformation of review work. The Bank carried out extensive financial education campaigns, including the "March 15" Consumer Protection Education and Publicity Activity, the Journey for Financial Knowledge campaign, and the Financial Education and Publicity Month, reaching nearly one billion consumers.

The Bank introduced the "U-Heart Consumer Protection" label for its consumer protection work across all branches, with the philosophy of "Guarding with Heart, Serving with Heart". This initiative created a positive publicity atmosphere across the Bank, ensuring alignment and resonance at all levels. Institutions at various levels fully leveraged their extensive network and outreach advantages to continue the "Spreading Financial Knowledge in Rural Areas" campaign, channeling more financial education resources toward rural areas, remote mountainous areas, and ethnic minority regions, ensuring that financial education campaigns reach grassroots populations, and bridging the "last mile" in financial education. In 2024, the Bank conducted financial education publicity activities in 32,907 villages, reaching over 77 million consumers. At the same time, institutions at various levels leveraged local resources and advantages and actively explored new paths for education and publicity. By combining financial education and publicity with elements such as transportation, traditional culture, daily catering, and sports, the Bank effectively integrated financial knowledge into consumers' daily lives.

Social Responsibilities

Continuously Carrying Out "PSBC Care" Public-interest Activities, and Contributing to the Society

The 2024 PSBC Welfare Day opening ceremony combined the commemoration of the 90th anniversary of the Long March's departure with the PSBC Welfare Day activities. With the theme of "Shining Red Ribbon, PSBC Care's New Journey", the event was held in a coordinated manner across the main venue in Guiyang and five provinces of Jiangxi, Hunan, Sichuan, Gansu, and Shaanxi along the Long March route in the form of flag relay, themed strolls, etc. By integrating education on the history of revolution, green low-carbon concepts, and public welfare volunteerism, it aimed to inherit and promote the spirit of the Long March, remain true to the original aspiration, and actively spread the concept of PSBC Welfare to the society. Nationwide branches simultaneously organized diverse public welfare activities. They promoted PSBC Welfare publicity both within and outside bank outlets, advocated for public welfare culture, and cultivated a public welfare atmosphere, ensuring that charitable acts warm hearts and the spirit of giving endures.

The Bank continued to implement the PSBC Self-improvement Class mentorship program, established supportive relationships with the PSBC Self-improvement Class and carried out public welfare activities according to local conditions. This year, 18 units from the Bank visited paired schools for PSBC Welfare outreach activities. The influence of PSBC Welfare continues to expand, highlighting the Bank's good corporate image in fulfilling its social responsibilities and using educational power to support rural revitalization.

For details about the Bank's efforts in serving rural revitalization, and inclusive finance, please refer to "Discussion and Analysis – Business Overview". For details of the Bank's sustainable development, please refer to the 2024 Sustainable Development Report of Postal Savings Bank of China published on the websites of the SSE, the HKEX and the Bank.

Connected Transactions and the Implementation of the Management System for Connected Transactions

Significant Connected Transactions

In order to further revitalize existing assets, reduce the occupation of capital, enhance the ability to support the Bank's differentiated credit growth in key areas such as Sannong, consumption, and MSEs, and promote high-quality development, the Bank held the fourth meeting of the Board of Directors in 2024 on May 30, 2024, at which it reviewed and approved the Proposal on Transferring Part of the Beneficial Interest of the Trusts and the Beneficial Interest of the Asset Management Plan to China Post Capital Management Co., Ltd. (the "Proposal"). According to the Proposal, the Bank intended to transfer the trust beneficial interest of the fund share income right or the asset management plan beneficial interest of the share income right of nine underlying industrial funds and one industrial fund management company to China Post Capital Management Co., Ltd., a wholly-owned subsidiary of China Post Group, at a total of RMB51,576,209.5 thousand (subject to the valuation result of RMB51,422,877.8 thousand as confirmed by the MOF). This transaction constituted a significant connected transaction of the Bank. On June 3, 2024, the Bank and China Post Capital Management Co., Ltd. entered into the Trust Beneficial Interest Transfer Agreements and the Asset Management Plan Beneficial Interest Transfer Agreement. On June 28, 2024, the Proposal was reviewed and approved at the Bank's 2023 Annual General Meeting. For details, please refer to the relevant announcements published by the Bank.

Connected Transactions with China Post Group[1]

As at the end of the reporting period, China Post Group directly held approximately 62.78% of the total issued equity shares of the Bank, and was the Bank's controlling shareholder. According to the provisions on connected transactions of the NFRA, the CSRC, the SSE and the Hong Kong Stock Exchange, China Post Group and its associates are the Bank's related parties, and the following transactions constitute connected transactions of the Bank under various regulatory rules. During the reporting period, the Bank fully complied with relevant provisions for connected transactions under various regulatory rules, and entered into the following transactions with China Post Group and its associates in the ordinary course of business on normal or better business terms.

Agency Banking Businesses

On September 7, 2016, the Bank and China Post Group entered into the Agency Banking Businesses Framework Agreement in relation to the Bank's entrustment of China Post Group (the "Agency Banking Businesses Framework Agreement") to conduct certain commercial banking businesses through agency outlets in accordance with requirements as stipulated in the Notice of the State Council on Issuing the Plan for Reforming the Postal System (Guo Fa [2005] No. 27) and the Notice of the China Banking Regulatory Commission on Issuing the Measures for the

1 Except for the connected transactions between the Bank and China Post Group and its associates disclosed in this section that constitute connected transactions under the Hong Kong Listing Rules, the other connected transactions disclosed in this section do not constitute connected transactions under the Hong Kong Listing Rules, and the Bank has no other connected transactions or continuing connected transactions that shall be disclosed according to relevant provisions on connected transactions in the Hong Kong Listing Rules.

Administration of Agency Business Institutions of Postal Savings Bank of China (Revision) (Yin Jian Fa [2015] No. 49). The Agency Banking Businesses Framework Agreement came into effect from September 7, 2016 with an indefinite term provided that the regulatory requirements are met in places where the Bank's shares are listed or relevant requirements are exempted. In accordance with the Notice of the State Council on Issuing the Plan for Reforming the Postal System (Guo Fa [2005] No. 27) and the Notice of the China Banking Regulatory Commission on Issuing the Measures for the Administration of Agency Business Institutions of Postal Savings Bank of China (Revision) (Yin Jian Fa [2015] No. 49), both the Bank and China Post Group are required to follow the exclusive and indefinite operation model consisting of both directly-operated outlets and agency outlets, and neither the Bank nor China Post Group is entitled to terminate the agency arrangement. In the event that national policies are adjusted in the future which allow for the termination of the agency arrangement between China Post Group and the Bank, following friendly negotiations between China Post Group and the Bank, where the Bank terminates the Agency Banking Businesses Framework Agreement, written opinions from all Independent Directors of the Bank and a resolution by the Board of Directors are required. Additionally, the Bank shall comply with the filing and approval procedures as required by relevant laws and regulations (if necessary).

In accordance with the relevant requirements of the Administrative Measures for Connected Transactions of Banking and Insurance Institutions (Order of the China Banking and Insurance Regulatory Commission [2022] No. 1), the Bank and China Post Group entered into the Supplementary Agreement to the Agency Banking Businesses Framework Agreement between Postal Savings Bank of China Co., Ltd. and China Post Group (Version 2024) on September 30, 2024, under which the pricing for RMB deposit agency fee and foreign currency deposit agency fee for agency outlets were adjusted, and the Agency Banking Businesses Framework Agreement signed between the Bank and China Post Group in 2016 and the Supplementary Agreement thereto were managed under the unified transaction agreement.

When the Bank was listed in the H-share market in 2016 and in the A-share market in 2019, due to the particularity of the agency banking businesses, it was not feasible to project the annual caps. According to relevant provisions of the Hong Kong Listing Rules, requirements to keep the term of the agreement within three years and to project annual caps were exempted. Meanwhile, pursuant to relevant provisions in the SSE Listing Rules, review and disclosure as connected transactions were exempted.

Agency Deposit-Taking Business

Pursuant to the Agency Banking Businesses Framework Agreement, China Post Group provides the Bank with agency Renminbi personal deposit-taking business and agency foreign currency personal deposit-taking business.

Agency Renminbi Deposit-Taking Business

The Bank calculates the deposit agency fees for the agency Renminbi deposit-taking business payable to China Post Group according to the principle of "Fixed Rate, Scaled Fees Based on Deposit Type", i.e., different fee rates are applied to deposits with different maturities (the "Scaled Fee Rates"), and the actual weighted average deposit agency fee rate (the "Composite Rate") is calculated based on the Scaled Fee Rates and the daily average balance of agency deposits. The Composite Rate is capped at 1.50%.

Connected Transactions and the Implementation of the Management System for Connected Transactions

The formula for calculating the deposit agency fees of the Bank is:

Monthly deposit agency fees at an outlet = Σ (aggregate amount of deposits for each type of deposits at the outlet for the month × the corresponding scaled fee rate/365) – aggregate cash (including that in transit) for the month at the outlet × 1.50%/365

When calculating the actual amount of deposit agency fees payable by the Bank based on the aforesaid formula, the deposit agency fees corresponding to the cash at the relevant outlet, which comprises reserves held by agency outlets and agency deposits in transit, are deducted.

During the reporting period, the aggregate amount of deposit agency fees paid by the Bank for the agency Renminbi deposit-taking business was RMB120,113 million with a Composite Rate of 1.15%, lower than the agreed cap on Composite Rate of 1.50%.

The table below sets forth the average daily balances, Scaled Fee Rates and the corresponding deposit agency fees for each type of deposits paid to China Post Group by the Bank for the agency Renminbi deposit-taking business during the reporting period:

In RMB million, except for percentages

	For the year ended December 31, 2024			
Type	Average daily balance	Scaled Fee Rates before adjustment (%)	Scaled Fee Rates after adjustment (%)	Deposit agency fees
Demand deposits	2,131,125	2.33	1.992	46,016
Time-demand optional deposits	13,565	1.50	1.302	190
Call deposits	20,467	1.70	1.475	331
3-month time deposits	171,583	1.25	1.085	2,011
6-month time deposits	257,800	1.15	1.001	2,770
1-year time deposits	6,412,608	1.10	0.999	67,193
2-year time deposits	507,639	0.35	0.149	1,298
3-year time deposits	893,786	0.10	0.020	529
5-year time deposits	6,989	–	–	–
Daily balance of cash (including cash in transit)	15,048	1.50	1.500	(225)[1]
Total	10,415,562	1.15%		120,113

[1] Pursuant to the Agency Banking Businesses Framework Agreement, 1.50% shall be applied for calculating the deposit agency fee corresponding to cash, which is to be deducted from the total deposit agency fee payable.

The adjustment of deposit agency fees includes active and passive adjustments. China Post Group and the Bank may proactively adjust the Scaled Fee Rates according to factors such as actual business demands. Meanwhile, according to the agreement of both parties, a passive adjustment mechanism shall be triggered if there is a significant change in the interest rate environment in the future. Since the signing of the Agency Banking Businesses Framework Agreement on September 7, 2016, the Bank and China Post Group have not made any proactive adjustments to the Scaled Fee Rates of deposit agency fees. However, the first and second passive adjustments to the Scaled Fee Rates of deposit agency fees were made in 2022 and 2024, respectively. On March 29, 2024, the announcement of the 2023 annual results of the four major state-owned commercial banks, namely ICBC, CCB, ABC, and BOC, was completed, and the average net interest margin of the four major state-owned commercial banks stood at 1.44%, which was lower than the 1.64% threshold of passive adjustment following the resetting in 2022, and triggered a passive adjustment again. As reviewed and approved by the eighth meeting of the Board of Directors in 2024 and the First Extraordinary General Meeting of 2024 of the Bank, the Bank adjusted the deposit agency fee rates for agency RMB personal deposit business, settled the deposit agency fees in accordance with the adjusted scaled rates for the period from July 1, 2024 to the date of approval by the General Meeting of PSBC, and optimized the triggering conditions of the passive adjustment mechanism. For details, please refer to the announcement of the Bank. In 2024, the Composite Rate decreased by 9 bps year on year. Despite a growth rate of 11.98% in agency deposits, the deposit agency fee increased by RMB4,490 million year on year, up by 3.88%. However, the growth rate declined by 6.48 percentage points year on year. Among them, for the period from July to December 2024, the Composite Rate was 1.08%, down by 16 bps year on year, and the deposit agency fee decreased by RMB1,968 million or 3.32% year on year. The adjustment is conducive to optimizing the deposit structure, reducing the overall cost of agency deposits, and promoting the long-term healthy development of the agency deposit business.

To effectively control the funding cost and maintain steady growth in the size of deposits, the Bank introduced relevant mechanisms to boost the increase of deposits, including two arrangements, i.e., cost-sharing for increase in deposits interest rates and incentives for deposits. The Bank and China Post Group have agreed that the amount of deposit incentives shall not be higher than the amount payable by China Post Group under the cost-sharing mechanism for increase in deposits interest rates under any circumstances. During the reporting period, the net settlement amount of the Bank's deposit-boosting mechanisms was RMB-2,318 million[1].

1 Pursuant to the agreement between the Bank and China Post Group, the deposit agency fee and the settlement amount of the deposit-boosting mechanisms were settled on a net basis, and the Renminbi deposit agency fees and other amounts totaled RMB117,795 million in 2024.

Connected Transactions and the Implementation of the Management System for Connected Transactions

Agency Foreign Currency Deposit-Taking Business

As the agency fees for foreign currency deposit-taking business are not significant, the fees are not calculated using the formula of "Fixed Rate, Scaled Fees Based on Deposit Type", but determined in accordance with market practices.

Given the complete cessation of London Interbank Offered Rate (LIBOR) quotations, the Bank has updated the pricing mechanism for the deposit agency fee of the agency foreign currency deposit-taking business to align with the latest market situation, and the adjusted pricing mechanism is as follows: For short-term foreign currency deposits, the deposit agency fee rate shall be calculated based on the composite interest rate of foreign currency deposit with corresponding term in the interbank foreign currency market and other rates, deducting the composite rate of interests payable to customers on the foreign currency deposit with corresponding term. For long-term foreign currency deposits, the deposit agency fee rate shall be determined by calculating the composite interest rate of foreign currency deposit with corresponding term based on the short-term composite interest rate, taking into account the maturity spreads such as the global interest rate swap market rate and treasury bond yields, adjusted based on interest rate in the PRC interbank foreign currency market and the relevant foreign currency interbank offered rate recognized by the banking industry, and deducting the composite rate of interest payable to customers on the foreign currency deposits with corresponding term. For details, please refer to the announcement published by the Bank.

During the reporting period, the amount of deposit agency fees for the Bank's foreign currency deposits was insignificant.

Agency Intermediary Banking Business

Pursuant to the Agency Banking Businesses Framework Agreement, China Post Group provides agency intermediary banking business services to the Bank via agency outlets, which mainly include settlement services, agency financial services and other services. Settlement services primarily include cross-region transactions, interbank transactions, personal remittance, cross-border remittance, SMS business, and other settlement businesses, while agency financial services and other services primarily include bancassurance, agency sales of wealth management products, agency sales of funds, agency sales of government bonds, agency sales of assets management plans, agency collection and payment services, and other services.

Agency intermediary banking business is one of the core services the Bank provides to its customers. Most customers of agency outlets access intermediary banking services in the outlets. Comprehensive services including intermediary banking services available at agency outlets help the Bank attract customers and deposits, enhance their loyalty, promote cross-selling among business lines, and thereby are significant in boosting the Bank's development and expansion. Since the Bank is the principal provider of the agency intermediary banking services and pursuant to the requirement of accounting standards, income from the agency intermediary banking business shall initially be recognized by the Bank, and the fees and commissions shall then be paid to postal enterprises by the Bank following the principle of "fees payable to the entity which provides the services".

During the reporting period, fees payable by the Bank for the agency intermediary banking business were RMB12,511 million, of which fees payable for settlement services provided by agency outlets were RMB6,085 million, and fees payable for agency financial services and other services by agency outlets were RMB6,426 million.

Land Use Rights and Property Leasing

Pursuant to the Land Use Rights and Property Leasing Framework Agreement between China Post Group Corporation Limited and Postal Savings Bank of China Co., Ltd. entered into between the Bank and China Post Group on October 28, 2021 (the "Land Use Rights and Property Leasing Framework Agreement"), the Bank and China Post Group and its associates lease their properties, ancillary equipment and other assets to each other in the form of operating lease in the ordinary course of business. The Land Use Rights and Property Leasing Framework Agreement came into force on January 1, 2022 and remained in force until December 31, 2024. On the premise that both parties to the agreement raise no objections and regulatory requirements are met in places where the shares of the Bank are listed, the Land Use Rights and Property Leasing Framework Agreement shall be automatically renewed for a further term of three years upon expiry, and shall be renewed once at most. On October 30, 2024, the Bank held the ninth meeting of the Board of Directors in 2024, at which the proposal on the renewal of the Land Use Rights and Property Leasing Framework Agreement between China Post Group Corporation Limited and Postal Savings Bank of China Co., Ltd. was considered and approved, agreeing to extend the validity period of the Land Use Rights and Property Leasing Framework Agreement for a period of three years (from January 1, 2025 to December 31, 2027). For details, please refer to the announcement published by the Bank.

During the reporting period, China Post Group and its associates paid a total of RMB48 million of rent to the Bank for leasing certain of the Bank's land use rights, properties and ancillary equipment for business or office purposes. China Post Group agreed to lease certain assets including land use rights, properties and ancillary equipment to the Bank. The above-mentioned properties and ancillary equipment leased by the Bank were mainly used as outlets or offices. The total amount of rent paid by the Bank to China Post Group and its associates for leasing properties and ancillary equipment was RMB909 million.

The amount of lease transactions provided by the Bank to related parties as a percentage of the operating income was relatively small, and so was the amount of lease transactions received by the Bank from related parties as a percentage of operating expenses. There was no significant difference between the prices of the leases and the market prices of similar assets in the same region or adjacent regions.

Comprehensive Services and Other Transactions

Pursuant to the Comprehensive Services Framework Agreement between China Post Group Corporation Limited and Postal Savings Bank of China Co., Ltd. entered into by the Bank and China Post Group on October 28, 2021 (the "Comprehensive Services Framework Agreement"), the Bank and China Post Group and its associates provide services or commodities to each other. The Comprehensive Services Framework Agreement came into force on January 1, 2022 and remained in force until December 31, 2024. If both parties to the agreement raise no objections and regulatory requirements are met in places where the shares of the Bank are listed, the Comprehensive Services Framework Agreement shall be automatically renewed for a further term of three years upon expiry, and shall be renewed once at most. On October 30, 2024, the Bank held the ninth meeting of the Board of Directors in 2024, at which the proposal on the renewal of the Comprehensive Services Framework Agreement between China Post Group Corporation Limited and Postal Savings Bank of China Co., Ltd. was considered and approved, agreeing to extend the validity period of the Comprehensive Services Framework Agreement for a period of three years (from January 1, 2025 to December 31, 2027). For details, please refer to the announcement published by the Bank.

Connected Transactions and the Implementation of the Management System for Connected Transactions

Rendering comprehensive services and selling business materials to China Post Group and its associates

The comprehensive services provided by the Bank to related parties are mainly labor services and agency business services, among which, labor services include cash escort and vaults, equipment maintenance and other services; agency business services include bancassurance, agency sales of funds and agency sales (distribution) of precious metals. The business materials sold by the Bank to related parties are mainly printed items such as brochures used in the ordinary and usual course of business. During the reporting period, the total revenue from the comprehensive services and sales of business materials provided by the Bank to China Post Group and its associates was RMB1,068 million.

The comprehensive services provided by and business materials and other goods sold by the Bank to related parties are priced after arm's length negotiations between parties with reference to terms and market prices comparable to those provided by the Bank to independent third parties.

Receiving comprehensive services and purchasing products from China Post Group and its associates

The comprehensive services received by the Bank from related parties are mainly labor services and marketing services, among which, labor services include cash escorts and vaults, equipment maintenance, advertising, properties, training, mail and other services; marketing services are mainly for deposits and other businesses. The goods purchased by the Bank from related parties are mainly philatelic items and promotional supplies other than philatelic items, and other banking-related materials. During the reporting period, the aggregate amount paid by the Bank to China Post Group and its associates for comprehensive services and product procurement was RMB3,992 million.

The goods purchased from or comprehensive services provided by related parties to the Bank are determined after arm's length negotiations between parties with reference to terms and market prices comparable to those purchased by or provided to independent third parties by the related parties.

Trademark Licensing

On September 5, 2016, the Bank entered into the Trademark Licensing Agreement between China Post Group Corporation and Postal Savings Bank of China Co., Ltd. (the "Trademark Licensing Agreement") with China Post Group. The agreement is for a term of twenty years commencing from the date of execution. During the term of the Trademark Licensing Agreement, China Post Group licenses the Bank to use trademarks under the agreement, and the Bank is not required to pay any consideration. On October 28, 2021, the Bank held the 12th meeting of the Board of Directors in 2021, at which the proposal on the performance of the decision-making procedures of the Trademark Licensing Agreement between China Post Group Corporation Limited and Postal Savings Bank of China Co., Ltd. was considered and approved. The Bank re-performed relevant decision-making procedures and disclosure obligations every three years for the Trademark Licensing Agreement with a term of more than three years in accordance with relevant provisions of the SSE. On October 30, 2024, the Bank held the ninth meeting of the Board of Directors in 2024, at which the proposal on continuing to perform the Trademark Licensing Agreement between China Post Group Corporation Limited and Postal Savings Bank of China Co., Ltd. was considered and approved. The Bank re-performed relevant decision-making procedures and disclosure obligations every three years for the Trademark Licensing Agreement with a term of more than three years in accordance with relevant provisions of the SSE. For details, please refer to the announcement published by the Bank.

Disclosure and Consideration Requirements for Relevant Connected Transactions

The agency banking businesses constitute connected transactions as defined in the Hong Kong Listing Rules and are subject to the annual reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Hong Kong Stock Exchange has granted the Bank, in respect of the Agency Banking Businesses Framework Agreement, a waiver from compliance with the requirement of setting a term of no more than three years under Rule 14A.52 of the Hong Kong Listing Rules; and for agency deposit-taking business and agency intermediary banking business, a waiver from compliance with the requirements of setting monetary annual caps under Rule 14A.53(1) of the Hong Kong Listing Rules.

Transactions related to land use rights, property leasing and certain comprehensive services constitute connected transactions as defined under the Hong Kong Listing Rules and are subject to the annual reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules, but are exempted from the requirement of independent shareholders' approval.

In addition to the above-mentioned continuing connected transactions, the Bank's continuing connected transactions also include the transactions under the Trademark Licensing Agreement, leasing of properties and ancillary equipment by the Bank to China Post Group and/or its associates under the Land Use Rights and Property Leasing Framework Agreement, and the sales of production materials and other goods by the Bank to China Post Group and/or its associates under the Comprehensive Services Framework Agreement. Meanwhile, in the ordinary and usual course of business, the Bank also provided associates with commercial banking services and products, including providing associates with loans and credit facilities, taking deposits from associates and providing associates with other banking services and products. The aforesaid continuing connected transactions are exempted from compliance with the annual reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Connected Transactions and the Implementation of the Management System for Connected Transactions

Connected Transactions under the NFRA Regulations

As of the end of the reporting period, the Bank's connected transactions under the NFRA regulations were as follows: the balance of credit-type connected transactions totaled RMB100,493 million, asset transfer-type transactions amounted to RMB75,556 million, service provision-type transactions reached RMB142,118 million, and the amount of deposit and other types of connected transactions were RMB279,044 million. The Bank's credit balance (net of margin deposits for security, pledged bank certificates of deposit, and Chinese government bonds (CGBs); the same below) with any single related party represented a maximum of 2.39% of its net capital. The aggregate credit balance to a group customer consisting of a single related legal entity or unincorporated organizations accounted for up to 2.39% of the Bank's net capital. Overall, the credit balance with all related parties amounted to a maximum of 8.24% of the Bank's net capital. These figures are in full compliance with the ratio requirements stipulated in the Administrative Measures for Connected Transactions of Banking and Insurance Institutions (Order of the China Banking and Insurance Regulatory Commission [2022] No. 1).

Implementation of the Caps of Connected Transactions under the Rules of the Two Stock Exchanges

Pursuant to relevant provisions in the SSE Listing Rules and the Hong Kong Listing Rules, on October 28, 2021, the Bank held the 12th meeting of the Board of Directors in 2021, at which it reviewed and approved the Proposal on the Forecast Caps of Connected Transactions of Postal Savings Bank of China for 2022-2024, and published the Announcement of Postal Savings Bank of China Co., Ltd. on Renewing the Connected Transactions Framework Agreement and Proposed Annual Caps of Routine Connected Transactions from 2022 to 2024 and the Announcement of Postal Savings Bank of China Co., Ltd. on Continuing Connected Transactions and Proposed Annual Caps from 2022 to 2024 on the websites of the SSE and the HKEX, respectively. Due to business development and other reasons, the Bank held the seventh meeting of the Board of Directors in 2022 on August 22, 2022, at which it reviewed and approved the Proposal on Revising the Annual Caps of the Bancassurance Services Provided by Postal Savings Bank of China to China Post Group and Its Associates from 2022 to 2024, agreed to revise the annual caps of connected transactions of the bancassurance services provided by the Bank to China Post Group and its associates from 2022 to 2024, and released the Announcement of Postal Savings Bank of China Co., Ltd. on Continuing Connected Transactions and the Announcement of Postal Savings Bank of China Co., Ltd. on Continuing Connected Transactions and Revised Annual Caps for the Years from 2022 to 2024 on the websites of the SSE and the HKEX, respectively. As at the end of the reporting period, the actual amounts of the above-mentioned connected transactions did not exceed the annual caps.

Implementation of the Caps of Connected Transactions with China Post Group and its Associates

Credit Type Connected Transactions[1]

In 2024, the cap of routine credit-type connected transactions between the Bank and China Post Group and its associates was RMB14 billion. As at the end of the reporting period, the balance of credit to China Post Group and its associates by the Bank was RMB2,520 million.

Non-credit Type Connected Transactions

The implementation of the caps of routine non-credit type connected transactions between the Bank and China Post Group and its associates as at the end of the reporting period is shown in the following table:

In RMB100 million

Type of Connected Transactions	Annual caps in 2024	Amount of connected transactions as at December 31, 2024
Leasing of certain properties and ancillary equipment by China Post Group and/or its associates to the Bank	15.30	9.09
Leasing of certain properties and ancillary equipment by the Bank to China Post Group and/or its associates	2.00	0.48
Sale of philatelic items and provision of mailing services by China Post Group and/or its associates to the Bank	4.90	1.32
Sale of goods other than philatelic items by China Post Group and/or its associates to the Bank	16.50	13.46
Provision of marketing services for deposit-taking and other businesses by China Post Group and/or its associates to the Bank	25.70	12.28
Provision of labor services by China Post Group and/or its associates to the Bank	19.80	11.64
Provision of bancassurance services by the Bank to China Post Group and/or its associates	47.00	7.60
Provision of agency sales (distribution) of precious metals business by the Bank to China Post Group and/or its associates	9.00	1.17
Sales of production materials and other goods by the Bank to China Post Group and/or its associates	2.70	0.35
Provision of labor services by the Bank to China Post Group and/or its associates	4.60	1.75

1 According to Rule 14A.87 of the Hong Kong Listing Rules, for any financial assistance provided by a banking company in its ordinary and usual course of business to a connected person, the transaction is fully exempt if it is conducted on normal commercial terms. Therefore, all credit-type transactions conducted by the Bank with all connected parties including China Post Group conducted on normal commercial terms are fully exempted in accordance with the Hong Kong Listing Rules.

Connected Transactions and the Implementation of the Management System for Connected Transactions

Implementation of the Caps of Connected Transactions with China UnionPay Co., Ltd.

The implementation of the caps of routine connected transactions between the Bank and China UnionPay Co., Ltd. as at the end of the reporting period is shown in the following table:

In RMB100 million

Type of Connected Transactions	Annual caps in 2024	Amount of connected transactions as at December 31, 2024
Clearing services between the Bank and China UnionPay Co., Ltd. – Fund paid by the Bank	43.20	11.35
Clearing services between the Bank and China UnionPay Co., Ltd. – Fund received by the Bank	98.80	35.29

Confirmation of Connected Transactions

Confirmation from Independent Non-executive Directors

The Independent Non-executive Directors of the Bank have reviewed the above continuing connected transactions in accordance with the Hong Kong Listing Rules and confirmed that the continuing connected transactions under the Hong Kong Listing Rules were entered into:

- in the ordinary and usual course of business of the Bank;
- on normal commercial terms or better; and
- according to the agreement governing them, on terms that are fair and reasonable and in the interests of the Bank's shareholders as a whole.

The Independent Non-executive Directors also confirmed that:

- the methods and procedures established by the Bank were sufficient to ensure that the transactions had been conducted on normal commercial terms and brought no harm to the interests of the Bank and minority shareholders; and
- the Bank had established appropriate management procedures.

Confirmation from Auditor

The Bank has appointed KPMG to report continuing connected transactions in accordance with requirements of the Hong Kong Listing Rules. KPMG has written to the Board of Directors to confirm that nothing has come to its attention that the continuing connected transactions under the Hong Kong Listing Rules:

- had not been approved by the Board of Directors;
- were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
- were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- had exceeded the cap (if applicable).

Implementation of the Management System for Connected Transactions

During the reporting period, the Bank complied with the regulatory rules of the NFRA, the CSRC, the SSE and the Hong Kong Stock Exchange, further improved the management system and operating mechanism for connected transactions, and enhanced the management of connected transactions. Firstly, the Bank strictly implemented the regulatory identification criteria, dynamically managed the list of related parties in accordance with the principle of substance over form, and strengthened the monitoring of related party information and screening of suspected related parties to further improve the accuracy and comprehensiveness of related party information. Secondly, the Bank developed the "1 + 3" system of policies and rules for connected transactions, which includes connected transaction management measures, knowledge manuals, system operation manuals and regulatory rules, improved the mechanism for connected transaction management, standardized procedures for reviewing, approving and filing of connected transactions, continued to carry out the implementation of the cap on connected transactions and monitoring management, and actively promoted digital and intelligent connected transaction management to effectively control the risks of connected transactions. Thirdly, by taking multiple measures, such as special training on connected transactions, rule publicity, special research, reminders and guidelines, the Bank enhanced compliance supervision on connected transactions to raise the awareness of compliance, and improved the ability to manage connected transactions.

For more information on the operation of the Related Party Transactions Control Committee of the Board of Directors during the reporting period, please refer to "Corporate Governance".

For other related party transactions as defined in accordance with domestic and overseas laws, regulations and accounting standards, please refer to "Notes to the Consolidated Financial Statements – 40 Relationship and transactions with related parties".

Significant Events

Material Legal Proceedings and Arbitration

During the reporting period, there were no legal proceedings or arbitrations with material impact on the business operation of the Bank.

As of the end of the reporting period, the Bank was the defendant or arbitration respondent in certain pending and material legal proceedings or arbitrations each with a claim amount of over RMB10 million, and the aggregate claim amount was approximately RMB1,195 million. Accruals in respect of these matters have been fully established, and the Bank considers that these pending cases will not have any material adverse impact on the business, financial position or operating results of the Bank.

Major Asset Acquisition, Disposal and Merger

During the reporting period, the Bank did not carry out any major asset acquisition, disposal or merger activities.

Significant Contracts and Their Performance

Material Custody, Subcontracting and Leasing

During the reporting period, there was no significant matter in relation to material arrangements for custody, subcontracting and leasing of assets of other companies by the Bank, or material arrangements for custody, subcontracting and leasing of assets of the Bank by other companies.

Material Guarantees

The provision of guarantees is an off-balance sheet service in the ordinary course of business of the Bank. During the reporting period, the Bank did not have any other material guarantee that needed to be disclosed except for the financial guarantee services within the business scope as approved by the PBC and the NFRA. The Bank did not enter into any guarantee contract in violation of laws, administrative regulations and the resolution procedures for external guarantees stipulated by the CSRC.

Material Events Concerning Entrusting Other Persons for Cash Management or Entrusted Loans

During the reporting period, no such material matters concerning entrusting other persons for cash management or entrusted loans occurred in the Bank.

Credibility

During the reporting period, there were no cases in which the Bank and its controlling shareholder failed to perform obligations under effective legal judgments of courts in major litigation cases, and there were no cases in which the debts of a relatively large amount were due and unpaid.

Appropriation of Funds by Controlling Shareholder and Other Related Parties

During the reporting period, there was no appropriation of the Bank's funds by controlling shareholder and other related parties. The auditor has issued the Special Explanation about Appropriation of Funds by Controlling Shareholder, De Facto Controller and Other Related Parties of Postal Savings Bank of China Co., Ltd.

Fulfillment of Commitments

Commitments during or carried forward to the reporting period by the de facto controller, shareholders, related parties, and acquirers of the Bank, the Bank and other relevant parties are as follows:

Commitment background	Commitment type	Commitment by	Summary of the commitment	Time of the commitment	Term of the commitment	Is there a term for fulfillment	Whether timely and strictly fulfilled
Commitments in relation to initial public offering	Others	China Post Group	Commitments in relation to shareholders' intention to hold shares and intention to reduce their holdings	June 18, 2019	Long-term	Yes	Yes
		Directors and senior management of the Bank	Commitments to take remedial measures for the dilution on immediate return	June 18, 2019	Long-term	Yes	Yes
		The Bank	Commitments to take remedial measures for the dilution on immediate return	June 18, 2019	Long-term	Yes	Yes
	Resolving competition amongst peers	China Post Group	Commitment in relation to avoiding competition amongst peers	October 10, 2019	Long-term	Yes	Yes
	Resolving defective title of lands and other items	China Post Group	Letter of confirmation on matters in relation to land and real estate injected into Postal Savings Bank of China Co., Ltd.	August 27, 2019	Long-term	Yes	Yes
	Resolving connected transactions	China Post Group	Commitment in relation to decreasing and standardizing connected transactions	November 6, 2019	Long-term	Yes	Yes
Commitments in relation to non-public issuance of A shares in 2021	Subscription and lock up of shares	China Post Group	Commitment in relation to further clarifying the number of intending subscription to shares of A-share non-public issuance of Postal Savings Bank of China Co., Ltd.	February 5, 2021	5 years since share acquisition after the non-public issuance of A shares	Yes	Yes
Commitments in relation to non-public issuance of A shares in 2023	Subscription and lock up of shares	China Mobile Communications Group Co., Ltd.	Commitment in relation to subscription of new shares of Postal Savings Bank of China Co., Ltd.	February 24, 2023	5 years since share acquisition after the non-public issuance of A shares	Yes	Yes

Pledge of Assets

For details relating to the pledge of assets of the Bank as of the end of the reporting period, please refer to "Notes to the Consolidated Financial Statements – 42.2 Collateral".

Penalties Imposed on the Bank and Its Directors, Supervisors, Senior Management Members and Controlling Shareholder

During the reporting period, neither the Bank nor any of its controlling shareholder, Directors, Supervisors or senior management members was subject to investigation, criminal punishment or material administrative penalty due to suspected crime, or investigation, administrative penalties or regulatory measures by the CSRC due to suspected violation of laws and regulations, or disciplinary actions by stock exchanges. Neither the controlling shareholder, Directors, Supervisors nor senior management members of the Bank were subject to detention or other compulsory measures by the competent authorities due to suspected violation of laws, discipline and regulations, which affected their duty performance.

Other Significant Events

For details of other significant events disclosed by the Bank pursuant to regulatory requirements during the reporting period, please refer to the announcements published by the Bank.

Organizational Structure

Shareholders'

Board of Directors

Office of the Board of Directors

Senior Management

Head Office Departments and Institutions

Personal Banking Sector

- Personal Banking Department
- Financial Management Department
- Consumer Credit Department
- Credit Card Center
- Internet Finance Department
- Digital Currency Department
- Agency Finance Management Department
- Sannong Finance Department (Rural Revitalization Finance Department)

Corporate Finance Sector

- Corporate Finance Department (Sannong Corporate Business Center)
- Inclusive Finance Department (Small Enterprise Finance Department)
- Transaction Banking Department
- Investment Banking Department

Treasury and Asset Management Sector

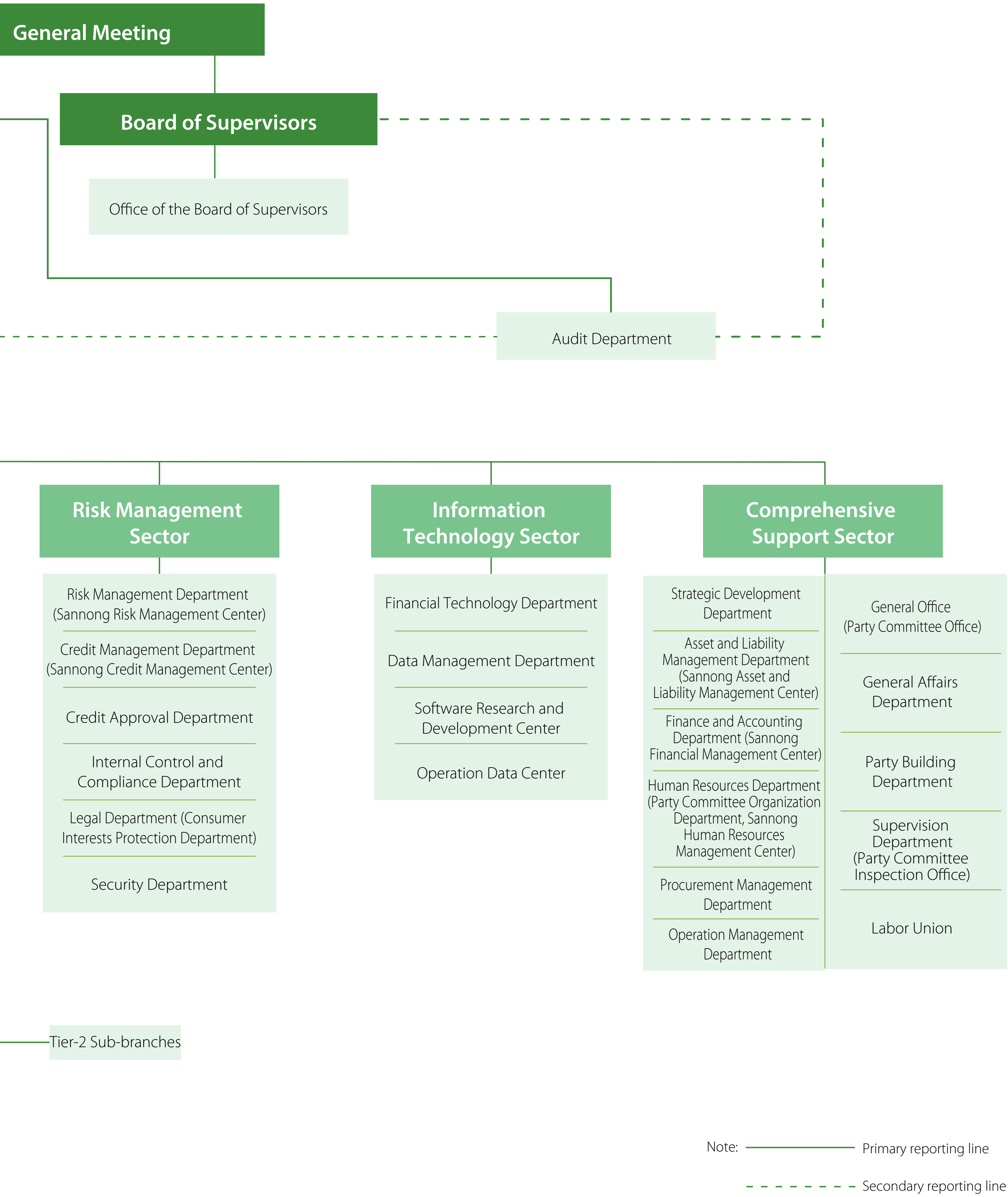
- Financial Institutions Department
- Financial Market Department
- Custody Department

Branches

Tier-1 Branches — Tier-2 Branches — Tier-1 Sub-branches

Majority-owned Subsidiaries

- PSBC Consumer Finance Co., Ltd.
- PSBC Wealth Management Co., Ltd.
- YOU⁺ BANK


General Meeting
Board of Supervisors
Office of the Board of Supervisors
Audit Department
Risk Management Sector
Risk Management Department (Sannong Risk Management Center)
Credit Management Department (Sannong Credit Management Center)
Credit Approval Department
Internal Control and Compliance Department
Legal Department (Consumer Interests Protection Department)
Security Department
Information Technology Sector
Financial Technology Department
Data Management Department
Software Research and Development Center
Operation Data Center
Comprehensive Support Sector
Strategic Development Department
Asset and Liability Management Department (Sannong Asset and Liability Management Center)
Finance and Accounting Department (Sannong Financial Management Center)
Human Resources Department (Party Committee Organization Department, Sannong Human Resources Management Center)
Procurement Management Department
Operation Management Department
General Office (Party Committee Office)
General Affairs Department
Party Building Department
Supervision Department (Party Committee Inspection Office)
Labor Union
Tier-2 Sub-branches
Note:
Primary reporting line
Secondary reporting line

Financial Statements and Others

Scan the QR code to watch the PSBC promotional video "Embracing Growth for the Future"

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Postal Savings Bank of China Co., Ltd.
(A joint stock company incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Postal Savings Bank of China Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 249 to 421, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Expected credit losses for loans and advances to customers and other debt instruments at amortised cost

See Note 3.2.7(3) "Impairment of financial instruments", Note 4.1 "Measurement of the expected credit loss allowance", Note 20 "Loans and advances to customers", Note 21.4 "Financial assets measured at amortized cost" and Note 27 "Movements of allowance for impairment loss" for details.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2024, the gross carrying amount of loans and advances to customers measured at amortized cost is RMB8,127,527 million, against which loss allowances of RMB229,058 million are recognised; the gross carrying amount of loans and advances to customers measured at fair value through other comprehensive income is RMB785,675 million, against which loss allowances of RMB772 million are recognised; the gross carrying amount of other debt instruments measured at amortised cost is RMB24,823 million, against which loss allowances of RMB12,034 million are recognised. The Group uses an expected credit loss ("ECL") model to measure the loss allowance for loans and advances to customers and other debt instruments at amortised cost in accordance with International Financial Reporting Standard 9, Financial instruments.	Our audit procedures to assess ECLs for loans and advances to customers and other debt instruments at amortised cost included the following: • with the assistance of KPMG's IT audit specialists, understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, lending and monitoring of loans and advances to customers and other debt instruments at amortised cost, the credit risk staging process and the measurement of ECLs for loans and advances to customers and other debt instruments at amortised cost. • with the assistance of KPMG's financial risk specialists, assessing the appropriateness of the ECL model for determining the loss allowance for loans and advances to customers and other debt instruments at amortised cost and the appropriateness of the key parameters and assumptions in the model, which included credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other adjustments, and assessing the appropriateness of related key management judgement.

Key audit matters (continued)

Expected credit losses for loans and advances to customers and other debt instruments at amortised cost

See Note 3.2.7(3) "Impairment of financial instruments", Note 4.1 "Measurement of the expected credit loss allowance", Note 20 "Loans and advances to customers", Note 21.4 "Financial assets measured at amortized cost" and Note 27 "Movements of allowance for impairment loss" for details.

The Key Audit Matter	How the matter was addressed in our audit
The determination of loss allowance and thus ECLs for loans and advances to customers and other debt instruments at amortized cost is subject to the application of a number of key parameters and assumptions, including the credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other adjustment factors. Extensive management judgment is involved in the selection of those parameters and the application of the assumptions. We identified the determination of ECLs for loans and advances to customers and other debt instruments at amortized cost as a key audit matter because of the inherent uncertainty and significant management judgement involved and its significance to the financial results and capital of the Group.	• assessing the completeness and accuracy of key data used in the ECL model. We compared the total balance of the loans and advances to customers and other debt instruments at amortised cost used by the Group to assess the loss allowance with the general ledger to check the completeness of the data. We also selected samples to compare information of loans and advances to customers and other debt instruments at amortised cost with the underlying agreements and other related documentation. In addition, we checked the accuracy of key external data by comparing them with public sources. • for key parameters used in the ECL model which were derived from system generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved KPMG's IT audit specialists to assess the accuracy of the loans and advances' overdue information on a sample basis.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Expected credit losses for loans and advances to customers and other debt instruments at amortised cost

See Note 3.2.7(3) "Impairment of financial instruments", Note 4.1 "Measurement of the expected credit loss allowance", Note 20 "Loans and advances to customers", Note 21.4 "Financial assets measured at amortized cost" and Note 27 "Movements of allowance for impairment loss" for details.

The Key Audit Matter	How the matter was addressed in our audit
	• evaluating the reasonableness of the Group's assessment on whether the credit risk of the loans and advances customers and other debts instruments at amortised cost have, or have not, increased significantly since initial recognition and whether the loans and advances to customers and other debt instruments at amortised cost are credit-impaired by selecting risk-based samples. We analyzed the asset portfolios by industry sectors to select samples in industries more vulnerable to the current economic situation and borrowers with specific characteristics. For selected samples, we checked overdue status, made enquiries of the credit managers about the borrowers' business operations, checked borrowers' financial information and researched market information about borrowers' businesses, to assess the credit risk of the borrower, and the reasonableness of credit risk stage.

Key audit matters (continued)

Expected credit losses for loans and advances to customers and other debt instruments at amortised cost

See Note 3.2.7(3) “Impairment of financial instruments”, Note 4.1 “Measurement of the expected credit loss allowance”, Note 20 “Loans and advances to customers”, Note 21.4 “Financial assets measured at amortized cost” and Note 27 “Movements of allowance for impairment loss” for details.

The Key Audit Matter	How the matter was addressed in our audit
	• for loans and advances to customers and other debt instruments measured at amortized cost that are credit-impaired, we selected samples to evaluate the forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, collateral valuations, other available information and possible future factors together with discount rates in supporting the computation of loss allowance.
	• assessing the calculation accuracy of ECLs for loans and advances to customers and other debt instruments at amortized cost on a sample basis.
	• performing retrospective review of ECL model components and significant assumptions to assess whether the results indicate possible management bias on loss estimation.
	• assessing the reasonableness of the disclosures in the financial statements in relation to ECL for loans and advances to customers and other debt instruments at amortized cost against applicable accounting standards.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Agency fees related to Agency Banking Transactions with China Post Group Co., Ltd.

See Note 40.3.1(1) "Agency banking services from China Post Group" for details.

The Key Audit Matter	How the matter was addressed in our audit
The Group operates its business through both directly-operated outlets and agency outlets owned by China Post Group Co., Ltd., the Group's parent entity. In accordance with the Framework Agreement on Entrusted and Agency Banking Services of Agency Outlets ("Framework Agreement") signed between the Bank and China Post Group Co., Ltd., agency outlets can provide deposits taking, financial settlement, financial agency and other services under the name of the Bank ("Agency Banking Transactions"), and the Group pays agency fees to China Post Group Co., Ltd. for these services. The agency outlets operate on a large business scale and are a significant component of the Group's service network. In 2024, deposit agency fee and others amounted to RMB117,814 million, fees for agency sales and other commissions and fees for agency savings settlement amounted to RMB6,426 million and RMB6,085 million respectively. We identified the agency fees related to Agency Banking Transactions with China Post Group Co., Ltd. as a key audit matter because its unique nature and the amounts of Agency Banking Transactions with China Post Group Co., Ltd. are significant to the Group.	Our procedures in relation to agency fees related to Agency Banking Transactions with China Post Group Co., Ltd. included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting related to Agency Banking Transactions. • inspecting the Framework Agreement and performing a substantive analytical procedure on deposit agency fee, by using the aggregated amount of deposits of agency outlets and the corresponding scaled fee rate, setting an expected value for deposit agency fee, and comparing the expected value with the book amount of the deposit agency fee. • obtaining confirmation directly from China Post Group Co., Ltd. regarding the amount of agency fees incurred in current year. • assessing the reasonableness of the disclosures in the financial statements in relation to agency fees related to Agency Banking Transactions with China Post Group Co., Ltd. against applicable accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Lok Man.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in millions of RMB unless otherwise stated)

	Notes	2024	2023
Interest income	5	**508,243**	498,327
Interest expense	5	**(222,120)**	(216,524)
Net interest income	5	**286,123**	281,803
Fee and commission income	6	**40,753**	51,104
Fee and commission expense	6	**(15,471)**	(22,852)
Net fee and commission income	6	**25,282**	28,252
Net trading gains	7	**4,185**	4,460
Net gains on investment securities	8	**29,559**	24,719
Net gains on derecognition of financial assets measured at amortized cost		**3,058**	2,242
Share of results of associates		**25**	18
Net other operating gains	9	**901**	1,418
Operating income		**349,133**	342,912
Operating expenses	10	**(226,096)**	(225,142)
Credit impairment losses	12	**(28,423)**	(26,167)
Impairment losses on other assets		**(22)**	(4)
Profit before income tax		**94,592**	91,599
Income tax expenses	13	**(7,876)**	(5,175)
Net profit		**86,716**	86,424
Net profit attributable to:			
Equity holders of the Bank		**86,479**	86,270
Non-controlling interests		**237**	154

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

	Notes	2024	2023
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligations	37.3	**(63)**	(12)
Changes in fair value of equity instrument investments measured at fair value through other comprehensive income	37.3	**141**	(1,135)
Share of other comprehensive income of associates, net of related income tax	37.3	**30**	2
Subtotal		**108**	(1,145)
Item that may be reclassified subsequently to profit or loss			
Net gains on investments in financial assets measured at fair value through other comprehensive income	37.3	**5,079**	1,433
Subtotal		**5,079**	1,433
Total comprehensive income for the year		**91,903**	86,712
Total comprehensive income attributable to:			
Equity holders of the Bank		**91,666**	86,558
Non-controlling interests		**237**	154
Basic and diluted earnings per share (in RMB Yuan)	14	**0.81**	0.83

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(All amounts in millions of RMB unless otherwise stated)

	Notes	2024	2023
Assets			
Cash and deposits with central bank	15	**1,314,703**	1,337,501
Deposits with banks and other financial institutions	16	**262,476**	189,216
Placements with banks and other financial institutions	17	**348,017**	297,742
Derivative financial assets	18	**6,661**	2,154
Financial assets held under resale agreements	19	**229,842**	409,526
Loans and advances to customers	20	**8,684,144**	7,915,245
Financial investments			
Financial assets measured at fair value through profit or loss	21.1	**1,024,165**	888,516
Financial assets measured at fair value through other comprehensive income-debt instruments	21.2	**668,812**	503,536
Financial assets measured at fair value through other comprehensive income-equity instruments	21.3	**4,637**	7,326
Financial assets measured at amortized cost	21.4	**4,306,513**	3,988,210
Interests in associates	23	**733**	673
Property and equipment	24	**60,250**	55,220
Deferred tax assets	25	**61,185**	62,508
Other assets	26	**112,772**	69,258
Total assets		**17,084,910**	15,726,631
Liabilities			
Borrowings from central bank	28	**26,138**	33,835
Deposits from banks and other financial institutions	29	**135,599**	95,303
Placements from banks and other financial institutions	30	**47,299**	60,212
Derivative financial liabilities	18	**7,199**	3,595
Financial assets sold under repurchase agreements	31	**194,524**	273,364
Customer deposits	32	**15,287,541**	13,955,963
Income tax payable		**192**	79
Debt securities issued	33	**241,980**	261,138
Deferred tax liabilities	25	**57**	4
Other liabilities	34	**112,732**	86,522
Total liabilities		**16,053,261**	14,770,015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(All amounts in millions of RMB unless otherwise stated)

	Notes	2024	2023
Equity			
Share capital	35.1	**99,161**	99,161
Other equity instruments			
Perpetual bonds	35.2	**199,986**	169,986
Capital reserve	36	**162,681**	162,682
Other reserves	37	**304,498**	273,740
Retained earnings		**263,343**	249,304
Equity attributable to equity holders of the Bank		**1,029,669**	954,873
Non-controlling interests		**1,980**	1,743
Total equity		**1,031,649**	956,616
Total equity and liabilities		**17,084,910**	15,726,631

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorized for issue by the Board of Directors on March 27, 2025.

Zheng Guoyu	**Yao Hong**
(On behalf of Board of Directors)	(On behalf of Board of Directors)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in millions of RMB unless otherwise stated)

		Attributable to equity holders of the Bank									
			Other equity instruments		Other reserves						
	Notes	Share capital	Perpetual bonds	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Subtotal	Non-controlling interests	Total equity
As at 1 January 2024		99,161	169,986	162,682	67,010	201,696	5,034	249,304	954,873	1,743	956,616
Net profit for the year		–	–	–	–	–	–	86,479	86,479	237	86,716
Other comprehensive income for the year	37.3	–	–	–	–	–	5,187	–	5,187	–	5,187
Total comprehensive income for the year		–	–	–	–	–	5,187	86,479	91,666	237	91,903
Issuance of perpetual bonds	35.2	–	30,000	(3)	–	–	–	–	29,997	–	29,997
Appropriation to surplus reserve	37.1	–	–	–	8,530	–	–	(8,530)	–	–	–
Appropriation to general reserve	37.2	–	–	–	–	18,191	–	(18,191)	–	–	–
Dividends declared and paid to ordinary shareholders	38	–	–	–	–	–	–	(40,527)	(40,527)	–	(40,527)
Distribution to perpetual bonds holders	38	–	–	–	–	–	–	(6,342)	(6,342)	–	(6,342)
Realized gain of equity instrument investments measured at fair value through other comprehensive income	21.3	–	–	–	–	–	(1,144)	1,144	–	–	–
Others		–	–	2	–	–	(6)	6	2	–	2
As at 31 December 2024		99,161	199,986	162,681	75,540	219,887	9,071	263,343	1,029,669	1,980	1,031,649

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in millions of RMB unless otherwise stated)

		Attributable to equity holders of the Bank										
			Other equity instruments		Other reserves							
	Notes	Share capital	Perpetual bonds	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Subtotal	Non-controlling interests	Total equity
As at 1 January 2023		92,384	139,986	124,479	58,478	178,784	4,918	225,196	824,225	1,589	825,814
Net profit for the year		–	–	–	–	–	–	86,270	86,270	154	86,424
Other comprehensive income for the year	37.3	–	–	–	–	–	288	–	288	–	288
Total comprehensive income for the year		–	–	–	–	–	288	86,270	86,558	154	86,712
Issuance of ordinary shares	35.1	6,777	–	38,203	–	–	–	–	44,980	–	44,980
Issuance of perpetual bonds	35.2	–	30,000	–	–	–	–	–	30,000	–	30,000
Appropriation to surplus reserve	37.1	–	–	–	8,532	–	–	(8,532)	–	–	–
Appropriation to general reserve	37.2	–	–	–	–	22,912	–	(22,912)	–	–	–
Dividends declared and paid to ordinary shareholders	38	–	–	–	–	–	–	(25,574)	(25,574)	–	(25,574)
Distribution to perpetual bonds holders	38	–	–	–	–	–	–	(5,316)	(5,316)	–	(5,316)
Realized gain of equity instrument investments measured at fair value through other comprehensive income	21.3	–	–	–	–	–	(172)	172	–	–	–
As at 31 December 2023		99,161	169,986	162,682	67,010	201,696	5,034	249,304	954,873	1,743	956,616

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

	2024	2023
Cash flows from operating activities		
Profit before income tax	**94,592**	91,599
Adjustments for:		
Amortization of intangible assets and other assets	**686**	2,156
Depreciation of property and equipment, and right-of-use assets	**10,700**	9,973
Impairment loss on assets	**28,445**	26,171
– Credit impairment losses	**28,423**	26,167
– Impairment losses on other assets	**22**	4
Interest income arising from financial investments	**(141,737)**	(139,081)
Interest expense arising from debt securities issued	**5,471**	7,137
Net gains on investment securities	**(32,617)**	(26,961)
Unrealized exchange gains	**(1,271)**	(252)
Share of results of associates	**(25)**	(18)
Net (gains)/losses from disposal of property and equipment and other assets	**(19)**	10
Subtotal	**(35,775)**	(29,266)
Net decrease/(increase) in operating assets		
Deposits with central bank	**32,441**	(52,050)
Deposits with banks and other financial institutions	**(73,001)**	(27,945)
Placements with banks and other financial institutions	**(36,335)**	(18,056)
Financial assets measured at fair value through profit or loss	**25,212**	(19,003)
Financial assets held under resale agreements	**52,529**	29,181
Loans and advances to customers	**(796,135)**	(959,472)
Other operating assets	**(46,940)**	(17,536)
Subtotal	**(842,229)**	(1,064,881)
Net (decrease)/increase in operating liabilities		
Borrowings from central bank	**(7,643)**	8,781
Deposits from banks and other financial institutions	**40,153**	16,944
Placements from banks and other financial institutions	**(12,924)**	16,981
Financial assets sold under repurchase agreements	**(78,981)**	89,767
Customer deposits	**1,327,559**	1,224,019
Other operating liabilities	**10,909**	13,451
Subtotal	**1,279,073**	1,369,943
Net cash flows from operating activities before tax	**401,069**	275,796
Income tax paid	**(3,793)**	(12,459)
Net cash generated from operating activities	**397,276**	263,337
Cash flows from operating activities include:		
Interest received	**382,189**	370,662
Interest paid	**(213,540)**	(194,685)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in millions of RMB unless otherwise stated)

	Notes	2024	2023
Cash flows from investing activities			
Cash received from disposal/redemption of financial investments		**1,616,561**	1,615,463
Cash received from income arising from financial investments		**142,168**	149,496
Cash received from disposal of property and equipment, intangible assets and other long-term assets		**123**	55
Cash paid for purchase of financial investments		**(2,218,901)**	(1,994,479)
Cash paid for purchase of property and equipment, intangible assets and other long-term assets		**(20,350)**	(12,963)
Net cash used in investing activities		**(480,399)**	(242,428)
Cash flows from financing activities			
Cash received from issuance of ordinary shares		**–**	45,000
Cash received from issuance of perpetual bonds		**30,000**	30,000
Cash received from issuance of debt securities		**241,956**	494,341
Cash paid for dividends and interests		**(37,648)**	(38,039)
Cash paid for issuance of ordinary shares		**–**	(20)
Cash paid for issuance of perpetual bonds		**(3)**	–
Cash paid for issuance of debt securities		**–**	(1)
Cash paid for repayment of debt securities		**(261,160)**	(335,100)
Cash paid to repay principal and interest of lease liabilities		**(3,923)**	(3,934)
Net cash (used in)/generated from financing activities		**(30,778)**	192,247
Effect of exchange rate changes on cash and cash equivalents		**89**	91
Net (decrease)/increase in cash and cash equivalents		**(113,812)**	213,247
Balance of cash and cash equivalents at the beginning of the year		**453,227**	239,980
Balance of cash and cash equivalents at the end of the year	39	**339,415**	453,227

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

1 General information

Postal Savings Bank of China Co., Ltd. (the "Bank") is a joint-stock commercial bank controlled by China Post Group Co., Ltd. ("China Post Group"). The Bank, originally known as Postal Savings Bank of China Company Limited (the "Company"), was established on March 6, 2007 through restructuring of the postal savings system.

In 2011, with the approval from the Ministry of Finance (the "MOF") of the People's Republic of China (the "PRC") and the former China Banking and Insurance Regulatory Commission (the former "CBIRC"), the Bank was restructured into a joint-stock bank.

On September 28, 2016 and December 10, 2019, the Bank was listed on The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange respectively. Information regarding the Bank's share issuance is set out in Note 35.

As at December 31, 2024, the Bank had 99,161 million common shares, at a face value of Renminbi ("RMB") 1.00 per share.

The Bank, as approved by the former CBIRC, holds a financial institution license of the PRC (No. B0018H111000001) and approved by and obtained its business license with unified social credit code 9111000071093465XC from the Beijing Municipal Administration for Market Regulation. The address of the Bank's registered office is No. 3 Jinrong Street, Xicheng District, Beijing, the PRC.

The Bank and its subsidiaries (the "Group") conduct their operating activities in the PRC, and the principal activities include: personal and corporate financial services, treasury operations and other business activities as approved by the National Financial Regulatory Administration (the "NFRA").

As at December 31, 2024, the Bank had a total of 36 tier-one branches and 324 tier-two branches across the PRC.

The information of the Bank's subsidiaries is set out in Note 22.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Bank and its subsidiaries.

The consolidated financial statements were authorized for issue by the Board of Directors of the Bank on March 27, 2025.

2 Application of new and amendments to IFRS Accounting Standards

2.1 New and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), for the first time, which are mandatorily effective for the Group's annual period beginning on or after January 1, 2024 for the preparation of the Group's consolidated financial statements:

Amendments to IAS 1	Presentation of financial statements – Classification of liabilities as current or non-current ("2020 amendments"), Presentation of financial statements – Non-current liabilities with covenants ("2022 amendments")
Amendments to IFRS 16	Leases – Lease liability in a sale and leaseback
Amendments to IAS 7	Statement of cash flows and Financial instruments: Disclosures – Supplier finance arrangements

Except as described below, the application of the new and amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 1, Presentation of financial statements (the 2020 and 2022 amendments, collectively the "IAS 1 amendments")

The IAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Upon the adoption of the amendments, the Group had reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

2 Application of new and amendments to IFRS Accounting Standards (continued)

2.1 New and amendments to IFRS Accounting Standards that are mandatorily effective for the current year (continued)

Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: disclosures – Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements as the Group has not entered into any supplier finance arrangements.

2.2 Amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to IFRS 9, Financial instruments and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The directors of the Bank anticipate that the application of all the amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3 Basis of preparation of consolidated financial statements and material accounting policies

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the IASB ("IFRS Accounting Standards"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. Please refer to Note 45.7(2) for description of fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies

3.2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities (including structured entities, Note 41) controlled by the Bank and its subsidiaries. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries and all structured entities to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.1 Basis of consolidation (continued)

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

Management applies its judgement to determine whether the Group is acting as agent or principal in relation to the structured entities ("SEs") in which the Group acts as an asset manager. In assessing whether the Group is acting as agent or principal, the Group considers factors such as scope of the asset manager's decision making authority, rights held by other parties, remuneration to which it is entitled, and exposure to variability of returns by other arrangements (such as direct investments).

3.2.2 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate of the Group. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in millions of RMB unless otherwise stated)

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.3 Income recognition

(1) Interest income

Interest income is calculated and recognized in accordance with relevant policies specified in Note 3.2.7(2).

(2) Fee and commission income

Fee and commission income is recognized when the Group fulfils its performance obligations either over time or at a point in time when a customer obtains the control right of relevant services.

If the revenue is recognized over time, the Group recognizes revenue in accordance with the progress towards complete satisfaction of a performance obligation, mainly including consultants fee, custodian business fee income, etc. If a performance obligation is not satisfied over time, it is satisfied at a point in time. The Group recognizes revenue at a point in time at which a customer obtains control of the promised services, mainly including insurance agency service fee, settlement and clearing fee, bond underwriting income, etc.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

When another party is involved in providing services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. the Group is a principal) or to arrange for those services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified service before that service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified service by another party. In this case, the Group does not control the specified service provided by another party before that service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.4 Foreign currencies transactions

Foreign currency transactions are initially recorded in the functional currency using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the applicable exchange rates prevailing at the end of the reporting period. Exchange differences arising on translating monetary items at period end rates are recognized in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated at the rates prevailing on the date when the fair value is determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

3.2.5 Taxation

Income tax expense comprises current and deferred tax.

Current and deferred tax are recognized in profit or loss, except when they relates to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

(1) Current tax

Current income tax includes the expected tax payable on the taxable income for the period at applicable tax rates, and any adjustments to tax payable in respect of prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.5 Taxation (continued)

(2) Deferred tax

Deferred tax is recognized on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.6 Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditures incurred by the Group in exchange for services rendered by employees or for termination of the employment contracts. These benefits include short-term employee benefits, retirement benefits and early retirement benefits.

(1) Short-term employee benefits

Short-term employee benefits include wages, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, as well as labour union fees and employee education expenses.

In the reporting period in which an employee has rendered services, the Group recognizes the short-term employee benefits payable for those services as a liability with a corresponding increase in the expenses.

(2) Retirement benefits

The Group's retirement benefits include defined contribution plans and defined benefit plans. Under defined contribution plans, the Group makes fixed contributions into a separate fund and will have no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. All other retirement plans are classified as defined benefit plans.

The Group's retirement benefits are primarily the payments for basic pensions, unemployment insurance, annuity scheme and supplementary retirement benefits, among which, basic pensions, unemployment insurance and annuity scheme are defined contribution plans and supplementary retirement benefits is defined benefit plan. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. Forfeited contributions in respect of unvested benefits of employees leaving the Group's employment cannot be used to reduce ongoing contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.6 Employee benefits (continued)

(2) Retirement benefits (continued)

Basic pension and unemployment insurance

Pursuant to the relevant laws and regulations of the PRC, the Group participated in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans and unemployment insurance based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance and unemployment insurance contributions are charged to profit or loss as the related services are rendered by the employees.

Annuity Scheme

In addition to the statutory pension schemes, the Group's employees also participate in the annuity scheme set up by the Group under Annuity Scheme of Postal Savings Bank of China Co., Ltd. (the "Annuity Scheme") in accordance with the corporate annuity regulations stipulated by the government. The annuity contributions are paid by the Group with reference its employees' gross salaries, and are charged to profit or loss as the related services are rendered by the employees. The Group has no further obligation if the Annuity Scheme does not have sufficient assets for the payment of any retirement benefits to employees funded by the Annuity Scheme.

Supplementary retirement benefits

The Group gives supplementary retirement benefits to retired staffs who are qualified on or before December 31, 2010. The supplementary retirement benefits include supplementary pensions and supplementary medical benefits. The retirement benefits plan attributed to defined benefit plan, and is usually determined by one or several factors such as age, length of service and compensation.

The liabilities recognized in relation to the above defined benefit pension plan in the consolidated statement of financial position are the present value of defined benefit liabilities at the end of reporting period. The present value of defined benefit liability is based on the expected future cash outflow which is discounted with interest yield of government bonds with similar duration. The estimate of future cash outflows is affected by various assumptions, including inflation rate of pension and medical benefits as well as other factors. The actuarial gains or losses arising from supplemental retirement benefit are included in other comprehensive income when incurred.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.6 Employee benefits (continued)

(3) Early retirement benefits

Early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date, as approved by management. The related benefit payments are made from the date of early retirement to the normal retirement date.

The accounting treatment of the Group's early retirement benefits is in accordance with termination benefits in IAS 19. The liabilities are recognized for the early retirement benefit payments from the date of early retirement to the normal retirement date when the criteria for recognition as termination benefit is met with a corresponding charge in profit or loss. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognized in the profit or loss when incurred.

3.2.7 Financial Instruments

(1) Classification of financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following three types on the basis of the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets:

- Amortized cost;
- Fair value through other comprehensive income ("FVTOCI") and;
- Fair value through profit or loss ("FVTPL").

The business model reflects how the Group manages the financial assets in order to generate cash flows. The business model determines whether the cash flow of financial assets managed by the Group is derived from contractual cash flows, sales of financial assets or both. Factors considered by the Group in determining the business model of a group of financial assets include how the cash flows for these financial assets were collected in the past, how the asset's performance was assessed and reported to key management personnel, how the risks were assessed and managed, and the way the business managers were compensated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(1) Classification of financial instruments (continued)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest on the principal amount outstanding ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified as financial assets measured at FVTPL.

Derivatives embedded in hybrid contracts that contain financial asset hosts are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the assets are managed within a business model whose objective is to collect contractual cash flows;
- the contractual terms of the financial assets specify that cash flows arising on specified dates are solely payments of principal and interest on the outstanding principal.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(1) Classification of financial instruments (continued)

Financial assets measured at FVTOCI

Financial assets measured at FVTOCI include debt instruments and equity instruments.

Financial assets are classified as debt instruments measured at FVTOCI when they are not designated at FVTPL and both of the following conditions are met:

- the assets are managed within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial assets specify that cash flows arising on specified dates are solely payments of principal and interest on the outstanding principal.

At the date of initial recognition of a financial asset, the Group may designate an equity investment, which is not held for trading, as financial assets measured at FVTOCI, and recognize dividend income in accordance with the relevant policies specified in Note 3.2.7(2). Once the designation is made, it cannot be revoked.

Financial assets measured at FVTPL

Financial assets measured at FVTPL include financial assets designated as at FVTPL and other financial assets mandatorily measured at FVTPL. The Group classifies the financial assets other than those measured at amortized cost and measured at FVTOCI as financial assets measured at FVTPL.

At initial recognition, the Group may designate financial assets as financial assets measured at FVTPL if the designation can eliminate or significantly reduce accounting mismatch. Once the designation is made, it cannot be revoked.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(1) Classification of financial instruments (continued)

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include financial liabilities held for trading and other financial liabilities designated as such at initial recognition.

A financial liability is classified as held for trading if it:

- is incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial liabilities are designated at FVTPL upon initial recognition when one of the following conditions is met:

- the designation can eliminate or significantly reduce accounting mismatch; or
- the formal written file of the Group's risk management or investment strategy have clearly stated that the financial liability portfolio, or the portfolio of financial assets and financial liabilities, are managed, evaluated and reported to key management personnel on the basis of fair value. Once the designation is made, it cannot be revoked.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(1) Classification of financial instruments (continued)

Financial liabilities measured at amortized cost

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for:

- financial liabilities measured at FVTPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts and commitments to provide a loan at a below-market interest rate.

Financial liabilities measured at amortized cost comprise borrowings from central bank, deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, customer deposits, debt securities issued and other financial liabilities.

(2) Measurement of financial instruments

Initial recognition

Financial assets purchased or sold in regular ways are recognized on the trade-date, the date on which the Group commits to purchase or sell the assets. Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities measured at FVTPL, any related directly attributable transaction costs are recognized immediately to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(2) Measurement of financial instruments (continued)

Subsequent measurement

Subsequent measurement of financial instruments depends on the categories:

Financial assets and liabilities measured at amortized cost

The amortized cost of the financial assets or financial liabilities is determined at initial recognition after being adjusted as follows:

- deducting the principal repaid;
- adding or deducting the cumulative amortization of any difference between the amount at initial recognition and the amount at the maturity date using the effective interest rate method;
- deducting any loss allowance (solely for financial assets).

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant periods. The effective interest rate is the interest rate used to discount the estimated future cash flows of financial assets or financial liabilities over the estimated duration to the carrying amount (i.e. the amortized cost before any impairment allowance) of the financial assets or to the amortized cost of the financial liabilities. The expected credit losses are not considered in calculation, while the transaction costs, premiums or discounts, and fees paid or received that are integral to the effective interest rate are covered.

Interest income is calculated by applying the effective interest rate to the carrying amount of a financial asset, with the following exceptions:

- a purchased or originated credit-impaired (“POCI”) financial asset, whose interest income is calculated since initial recognition by applying the credit-adjusted effective interest rate to its amortized cost;
- a financial asset that is not a POCI financial asset but has subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to its amortized cost. If, in a subsequent period, the credit quality of the financial asset is improved so that it is no longer credit-impaired and the improvement in credit quality can be related objectively to a certain event occurring after the application of the above-mentioned rule, then the interest income can again be calculated by applying the effective interest rate to its gross amount.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(2) Measurement of financial instruments (continued)

Subsequent measurement (continued)

Financial assets measured at FVTOCI

Debt instruments

Interest income calculated using the effective interest rate method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income.

Interest income derived from these financial assets is included in and disclosed as "interest income" using the effective interest rate method.

When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to profit or loss for the current period.

Equity instruments

Where an equity investment not held for trading is designated as a financial asset measured at FVTOCI, the changes in fair value of the financial asset are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings. The dividend income on the investment is recognized in profit or loss only when the Group's right to receive payment of the dividends is established.

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3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(2) Measurement of financial instruments (continued)

Subsequent measurement (continued)

Financial assets measured at FVTPL

Financial assets measured at FVTPL are measured at fair value with all gains or losses recognized in the profit or loss for the current period.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL are measured at fair value with all gains or losses recognized in the profit or loss for the current period, unless in the case of financial liabilities designated at FVTPL, where gains or losses are treated as follows:

- changes in the fair value of such financial liabilities resulting from the changes in the Group's own credit risk are recognized in other comprehensive income;

- other changes in fair value of such financial liabilities are recognized in profit or loss for the current period. If the accounting of changes in the credit risk of the financial liabilities will create or enlarge accounting mismatches in profit or loss, the Group shall recognize all gains or losses on such financial liabilities (including amounts arising from changes in its own credit risk) in the profit or loss for the current period.

When the liabilities designated at FVTPL are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

Equity instruments

An equity instrument refers to a contract that evidences a residual interest in the assets of the Group after deducting all liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Ordinary shares, preference shares and perpetual bonds issued by the Group, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(3) Impairment of financial instruments

For debt instruments carried at amortized cost and FVTOCI and exposure arising from credit commitments and financial guarantee contract, the Group assesses the expected credit losses of financial assets with the forward-looking information.

ECL are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, i.e., all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group measures ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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(All amounts in millions of RMB unless otherwise stated)

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(3) Impairment of financial instruments (continued)

At the reporting date, the Group assesses whether there is a significant increase in the credit risk of its financial instruments since their initial recognition, and calculates the impairment allowance and recognizes the ECL and changes as follows:

- The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. Irrespective of whether the Group assesses the credit losses of its financial instruments on an individual basis or collectively in a group, any increase or reversal of the allowance for credit losses shall be recognized in the profit or loss for the current period as impairment losses or gains;

- If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month (or the expected lifetime when it is shorter than 12 months) ECL. Irrespective of whether the Group assesses the credit losses of its financial instruments on an individual basis or collectively in a group, any increase or reversal of the allowance for credit losses shall be recognized in the profit or loss for the current period as impairment losses or gains.

For financial assets that are measured at amortized cost, the loss allowance is recognized in profit or loss by adjusting their carrying amount. For debt instruments that are measured at FVTOCI, the loss allowance is recognized in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments.

If the Group has measured the loss allowance for a financial instrument other than POCI financial assets at an amount equal to lifetime expected credit losses in the previous reporting period, however it is determined that at the current reporting date the credit risk on the financial instruments has no longer increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month (or the expected lifetime when it is shorter than 12 months) ECL at the current reporting date and the amount of ECL reversed is recognized in profit or loss.

At the reporting date, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for POCI financial assets. At each reporting date, the Group recognizes the amount of the changes in lifetime expected credit losses in profit or loss as an impairment gain or loss.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(4) Modification of financial instruments

In some cases, the Group may renegotiate or otherwise modify the contractual cash flows of financial instruments. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a "new" asset at fair value and recalculates a new effective interest rate for the asset. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

(5) Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the financial asset has been transferred, and the Group transfers substantially all the risks and rewards of the ownership of the financial asset to the transferee; or
- the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but it does not retain control of the transferred asset.

Where the financial asset has been transferred, if the Group neither transfers nor retains substantially all the risks and rewards of the ownership and the Group retains the control over the transferred financial asset, the financial assets and relevant liabilities shall be recognized to the extent of the Group's continuing involvement in the assets.

The Group writes off a financial asset when there is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. The write-off constitutes a derecognition event.

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3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.7 Financial Instruments (continued)

(5) Derecognition of financial instruments (continued)

Financial liabilities

A financial liability (or part of it) is derecognized when the obligation under the liability is discharged, cancelled or expired.

(6) Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(7) Resale and repurchase agreements

Amounts for purchase of financial assets under resale agreements are accounted for under "Financial assets held under resale agreements". Amounts from sale of financial assets under repurchase agreements are accounted for under "Financial assets sold under repurchase agreements".

The financial asset held under resale agreements are presented at their carrying amount, net of allowance for impairment loss. The cash received from financial assets sold under repurchase agreements are accounted for a liability and presented at their carrying amount. Relevant interest income and expense are recognized at accrual basis.

3.2.8 Property and equipment

Property and equipment are recognized by the Group when the economic benefits are expected to be received and their costs can be measured reliably. The purchased or newly-built property and equipment are initial recognized at their cost at the time of addition. Property and equipment injected by China Post Group during the establishment and joint-stock restructuring of the Group are recognized at the value determined by the state-owned assets management department.

Property and equipment including buildings held for use in the supply of services, or for administrative purpose (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. When the costs attributable to the land use rights cannot be measured reliably and separated from that of the building at inception, the costs are included in the cost of buildings and recorded in property and equipment.

(All amounts in millions of RMB unless otherwise stated)

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.8 Property and equipment (continued)

Depreciation is recognized as a component of operating expenses so as to recognize the consumption of the economic value of property and equipment (other than construction in progress), less their estimated residual value, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual value and depreciation rates are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives, estimated residual value rates and annual depreciation rates of each category of property and equipment are as follows:

Categories	Estimated useful lives	Estimated residual value rates	Annual depreciation rates
Buildings	10-30 years	5%	3.17%-9.50%
Electronic equipment	3-5 years	5%	19.00%-31.67%
Motor vehicles	4-8 years	5%	11.88%-23.75%
Office equipment and other	5 years	5%	19.00%

Properties in the course of construction for supply of services or administrative purposes are carried at cost, as construction in progress, less any impairment loss. The costs comprise construction cost, installation cost, borrowing costs that are eligible for capitalisation and other costs necessary for preparing the property and equipment for their intended use. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

The assets' estimated residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continuing use. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in net other operating gains. Property and equipment's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

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3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.9 Land use rights

Land use rights are classified in other assets and amortized over the respective lease periods, which range from 10 to 40 years. The land use right injected by China Post Group during the establishment and joint-stock restructuring of the Group are initially measured at the value determined by the state-owned assets management department.

3.2.10 Intangible assets

Intangible assets include software and other intangible assets, which are initially measured at cost.

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment loss. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are not amortized, but are subject to annual impairment assessment.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset are recognized in profit or loss when the asset is derecognized.

3.2.11 Impairment of non-financial assets

Property and equipment, investment properties, construction in progress, right-of-use assets and intangible assets with finite useful lives, among others, are tested for impairment if there is any indication that the assets may be impaired as at the end of the reporting period. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and impairment loss are recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate cash inflows that are largely independent of the cash flows from other assets or groups of assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognized. Any reversal of an impairment loss is recognized immediately in profit or loss.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.12 Cash and cash equivalents

Cash and cash equivalents are short-term and highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents include cash and assets with original maturity of three months or less, deposits with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements and some of short-term debt securities.

3.2.13 Precious metals

Precious metals that are related to the Group's trading activities are initially recognized at fair value, with changes in fair value arising from re-measurement recognized directly in profit or loss in the period in which they arise.

The Group records the precious metals received as an asset. A liability to return the amount of precious metals deposited is also recognized. The precious metals deposited from its customers in the Group are measured at fair value both on initial recognition and in subsequent measurement.

3.2.14 Dividend distribution

Dividend distribution of ordinary share to the Bank's shareholders is recognized as a liability in the Bank's financial statements when the dividends are approved by the Bank's shareholders. Dividend distribution of preference share is recognized as a liability when the dividends are approved by the Bank's Board of Directors.

3.2.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3.2.16 Fiduciary activities

The Group's fiduciary business refers to services for customers in accordance with custody agreements signed by the Group and securities investment funds, insurance companies, trust companies and other institutions. The Group fulfils its fiduciary duty and receives relevant fees and commissions in accordance with these agreements, and does not take up any risks and rewards related to the assets under custody, which are recorded as off-balance sheet items.

The Group conducts entrusted lending arrangements for its customers. Under the terms of entrusted loan arrangements, the Group grants loans to borrowers, as an intermediary, according to the instructions (including but not limited to the counterparties, purposes, amounts, interest rates and repayment schedules of the entrust loan) of its customers who are the lenders providing funds for the entrusted loans. The Group is responsible for the arrangement and collection of the entrusted loans and receives a commission for the services rendered. As the Group does not assume the economic risks and rewards of the entrusted loans and the funding for the corresponding entrusted funds, they are not recognized as assets and liabilities of the Group.

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3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.17 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of expected credit loss under Note 3.2.7(3); and
- The premium received on initial recognition less income recognized in accordance with the principles of IFRS 15.

Loan commitments are commitments provided by the Group to the customers to grant loans under the established contract terms during certain period.

The impairment allowance of loan commitments provided by the Group is measured using ECL models. The Group has not provided any commitment to provide loans at a below market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

The expected credit losses of loan commitment and financial guarantee contracts are recognized as a provision and presented in other liabilities.

3.2.18 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events but is not recognized because it is not probable that an outflow of economic resources will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

A contingent liability is not recognized but disclosed. The Group's contingent liabilities are disclosed in Note 42 "Contingent liabilities and commitments".

A provision is recognized when it meets the criteria as set forth in Note 3.2.15 "Provisions".

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.19 Lease

(1) Identifying a lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right of control the use of an identified asset for a period of time, the Group assesses the following:

- Whether there is an identified asset in a contract. An identified asset is typically identified by being explicitly or implicitly specified in a contract. A capacity or other portion of an asset that is not physically distinct is not an identified asset, unless it represents substantially all of the capacity of the asset. The Group does not have the right to use an identified asset if the lessor has the substantive right to substitute the asset throughout the period of use;
- the right to obtain substantially all of the economic benefits from use of the identified asset;
- the right to direct the use of an identified asset.

For a contract that is, or contains, a lease, the Group does not elect to separate non-lease components from lease components, instead, it accounts for each lease component and any associated non-lease components as a single lease component.

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3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.19 Lease (continued)

(2) The Group as a lessee

At the commencement date, the Group recognizes a right-of-use asset and a lease liability. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date; any initial direct costs incurred by the Group; an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset; less any lease incentives received.

The Group uses the straight-line method to accrue depreciation for the right-of-use assets in the period from the beginning of the lease term to the end of the service life or the lease term, whichever is shorter. The estimated service life of the right-of-use asset is determined based on the same method as the estimated service life of the real estate and equipment. The carrying amount of the right-of-use asset is adjusted for any remeasurement of the lease liability. In addition, the impairment loss (if any) of the right-of-use assets is recognized on a regular basis.

At the commencement date, the Group recognizes and measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments need to be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate of lessee. Generally, the Group uses the incremental borrowing rate as the discount rate.

The lease payments comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price of a purchase or an extension option if the Group is reasonably certain to exercise that option;
- the payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.19 Lease (continued)

(2) The Group as a lessee (continued)

The Group remeasures the lease liability by discounting the revised lease payments, if there is a change in future lease payments resulting from a change in an index or a rate, or if there is a change in the assessments about whether to exercise an option about purchase, extension or termination.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets. The Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

When the lease changes and the following conditions are met at the same time, the Group treats it as a separate lease for accounting treatment:

- The lease change expands the scope of the lease by adding the right to use one or more leased assets;

- The increased consideration is equivalent to the stand-alone price of the expanded part of the lease scope after adjustment according to the contract.

When the lease change is not treated as a separate lease, the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate. If the lease modifications decrease the scope or term of the lease, the Group correspondingly decreases the carrying amount of the right-of-use asset and recognizes the relevant gains or losses from the partial or full termination of the lease as the current profit or loss. If other lease changes cause the lease liability to be remeasured, the Group adjusts the carrying amount of the right-of-use asset accordingly.

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3 Basis of preparation of consolidated financial statements and material accounting policies (continued)

3.2 Material accounting policies (continued)

3.2.19 Lease (continued)

(3) The Group as a lessor

The group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When the group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described in note 3.2.19(2), then the group classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note 3.2.7. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. Variable lease payments not included in lease receipts are recognised as income as they are earned.

3.2.20 Segment analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Relevant committees led by the President of the Bank (the "President") allocate resources to and assesses the performance of the operating segments based on periodically reviewing this analysis. The Group's reportable segments are determined based on its operating segments while taking full consideration of various factors such as products and services, geographical location and regulatory environment related to the daily operation business of the management. Operating segments meeting the same qualifications are aggregated into a single reportable segment.

The same accounting policies as adopted in preparation of the Group's financial statements are used for segment reporting.

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and disclosed amounts of assets and liabilities, income and expenses. Actual results in the future may differ from those disclosed as a result of the use of estimates and assumptions about future conditions.

4.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets at amortized cost and FVTOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements involved in applying the accounting requirements for measuring ECL, include:

- Segmentation of portfolios sharing similar credit risk characteristics, application of appropriate models and determination of relevant key measurement parameters;
- Criteria for determining significant increase in credit risk or becoming credit-impaired;
- Application of economic indexes, macroeconomic scenarios and weightings for forward-looking measurement;
- Management overlay adjustments for significant uncertain factors not covered in the models;
- The forecasted cash flows for loans and advances to customers and other debt instruments measured at amortized cost classified into stage 3 which are considered individually significant.

Detailed information about the judgements and estimates made by the Group is set out in Note 45.3 Credit risk.

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(All amounts in millions of RMB unless otherwise stated)

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

4.2 Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments that are not quoted in an active market. Valuation techniques include the use of recent prices of transaction between knowledgeable, willing parties, observable prices of similar financial instruments, discounted cash flows analysis with risk adjusted, as well as pricing models that are commonly used in the market. To the extent practical, models for the valuation of derivatives and other financial instruments use observable market data, such as interest yield curves and foreign exchange rates. However areas such as credit risk (both own and counterparty's), volatilities and correlations require management to make estimates. Fair value calculated using valuation techniques are verified based on the industry practice and currently observable prices of same or similar financial instruments in the market.

The Group, through regular review and approval procedures, reviews the assumptions and market expectations adopted by the valuation techniques, including the examination of assumptions and pricing factors of models, changes in assumptions of models, properties of market parameters, whether the market is active or not, adjustment factors of fair value which are not covered by models, and the consistency of valuation techniques between periods. Valuation techniques are regularly reviewed through validity tests and updated to reflect the market various at the end of the reporting period where appropriate.

4.3 Income taxes

In the ordinary course of the Group's business, there are certain transactions and activities for which there are uncertainties concerning their ultimate tax treatment. In accordance with the current tax laws and regulations as well as the policies applicable to the Group from competent government authorities in the previous years, the Group makes tax estimates on the implementation of new tax laws and regulations as well as events involving uncertainties in tax treatment. In calculating its income tax liabilities, the Group makes significant judgements. Where the final outcome of these tax matters is different from the amounts initially recorded, such differences will affect the current income tax and deferred income tax provisions in the period during which such a determination is made.

4.4 Control over structured entities

Where the Group acts as asset manager or investor of structured entities, the Group makes judgement on whether it controls the structured entities. The principle of control includes three factors: (i) power over investees; (ii) exposure or right to the variable returns of investees, and (iii) ability to affect those returns through its power over the investees. If evidence shows that the factors of the control change, the Group reassesses whether it has control on the investees. When performing this assessment, the Group considers several factors including, among other things, the scope of its decision-making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for the assets management services, the Group's exposure to variability of returns from other interests (such as direct investment) that it holds in the structured entities.

(All amounts in millions of RMB unless otherwise stated)

5 Net interest income

	2024	2023
Interest income		
Deposits with central bank	**20,252**	20,003
Deposits with banks and other financial institutions	**5,879**	4,377
Placements with banks and other financial institutions	**10,236**	10,182
Financial assets held under resale agreements	**5,418**	5,171
Loans and advances to customers	**324,721**	319,513
Including: Personal loans and advances	**196,880**	203,786
Corporate loans and advances	**127,841**	115,727
Financial investments		
Financial assets measured at FVTOCI-debt instruments	**14,153**	13,209
Financial assets measured at amortized cost	**127,584**	125,872
Subtotal	**508,243**	498,327
Interest expense		
Borrowings from central bank	**(540)**	(559)
Deposits from banks and other financial institutions	**(1,886)**	(996)
Placements from banks and other financial institutions	**(1,686)**	(1,906)
Financial assets sold under repurchase agreements	**(2,320)**	(3,260)
Customer deposits	**(210,217)**	(202,666)
Debt securities issued	**(5,471)**	(7,137)
Subtotal	**(222,120)**	(216,524)
Net interest income	**286,123**	281,803
Included in interest income		
Interest income from listed investments	**130,206**	124,064
Interest income from unlisted investments	**11,531**	15,017

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6 Net fee and commission income

	Notes	2024	2023
Agency service business	(1)	**9,229**	20,857
Bank cards business		**10,593**	11,925
Settlement and clearing	(2)	**9,947**	10,230
Wealth management		**3,951**	2,821
Investment banking	(3)	**3,318**	2,388
Custody business		**1,255**	1,131
Others		**2,460**	1,752
Fee and commission income		**40,753**	51,104
Fee and commission expense	(4)	**(15,471)**	(22,852)
Net fee and commission income		**25,282**	28,252

(1) Fee and commission income from agency service business mainly includes fee and commission income from bancassurance, distribution of fund products, government bonds underwriting, and collection and payment services.

(2) Fee and commission income from settlement and clearing refers to income derived from settlement and clearing services the Group provided to customers, including fee and commission derived from electronic payment services, corporate settlement services, and personal settlement services.

(3) Fee and commission income from investment banking refers to income derived from underwriting and distributing bonds and securities, asset securitization, syndicated loan, and advisory services.

(4) Fee and commission expense is expense incurred for agency and settlement services, including those paid to China Post Group for agency services (Note 40.3.1(1)).

(All amounts in millions of RMB unless otherwise stated)

7 Net trading gains

	2024	2023
Debt securities	**4,417**	4,360
Derivatives and others	**(232)**	100
Total	**4,185**	4,460

8 Net gains on investment securities

	2024	2023
Net gain from financial assets measured at FVTPL	**27,236**	22,764
Net gain from financial assets measured at FVTOCI	**2,323**	1,955
Total	**29,559**	24,719

9 Net other operating gains

	2024	2023
Government subsidies	**651**	915
Leasing income	**100**	107
Net losses on foreign exchanges	**(374)**	(114)
Other	**524**	510
Total	**901**	1,418

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10 Operating expenses

		2024	2023
Deposit agency fee and others (Note 40.3.1(1))		**117,814**	114,924
Staff costs (including emoluments of directors, supervisors and senior management)	(1)	**64,045**	64,017
Depreciation and amortization		**11,386**	12,128
Taxes and surcharges	(2)	**2,616**	2,703
Auditor's remuneration		**32**	35
Other expenses	(3)	**30,203**	31,335
Total		**226,096**	225,142

(1) Staff costs (including emoluments of directors, supervisors and senior management)

	2024	2023
Short-term employee benefits		
Wages and salaries, bonuses, allowance and subsidies	**41,742**	42,960
Housing funds	**4,763**	4,466
Social security contributions	**3,777**	3,555
Including: Medical insurance	**3,621**	3,406
Maternity insurance	**65**	64
Work injury insurance	**91**	85
Staff welfare	**2,982**	3,007
Labour union funds and employee education funds	**1,678**	1,551
Others	**48**	28
Subtotal	**54,990**	55,567
Defined contribution plans		
Basic pensions	**5,640**	5,283
Annuity scheme	**3,237**	3,015
Unemployment insurance	**155**	143
Subtotal	**9,032**	8,441
Supplementary retirement benefits and early retirement benefits	**23**	9
Total	**64,045**	64,017

(2) Taxes and surcharges mainly include urban construction tax, educational surcharges, property tax, land use tax, vehicle and vessel use tax and stamp duty, etc.

(3) For the year ended December 31, 2024, the rental expenses of short-term leases and low value asset leases included in other expenses were RMB812 million (for the year ended December 31, 2023: RMB680 million).

(All amounts in millions of RMB unless otherwise stated)

11 Emoluments of directors and supervisors

11.1 Details of the directors and supervisors' emoluments are as follows:

	2024				
Name	Fees RMB thousand	Remuneration RMB thousand	Contribution to pension scheme RMB thousand	Benefits in kind RMB thousand	Total RMB thousand
Chairman					
Zheng Guoyu (鄭國雨) (ii)	–	–	–	–	–
Executive Directors					
Liu Jianjun (劉建軍) (iii)	–	–	–	–	–
Yao Hong (姚紅)	–	528	229	96	853
Non-executive Directors					
Han Wenbo (韓文博) (iv)	–	–	–	–	–
Chen Donghao (陳東浩) (iv)	–	–	–	–	–
Liu Xin'an (劉新安) (iv) (v)	–	–	–	–	–
Zhang Xuanbo (張宣波) (iv) (v)	–	–	–	–	–
Hu Yuting (胡宇霆) (iv) (v)	–	–	–	–	–
Ding Xiangming (丁向明) (iv)	–	–	–	–	–
Yu Mingxiong (余明雄) (iv) (v)	–	–	–	–	–
Independent Non-executive Directors					
Wen Tiejun (溫鐵軍)	348	–	–	–	348
Chung Shui Ming Timpson (鍾瑞明)	348	–	–	–	348
Pan Yingli (潘英麗)	348	–	–	–	348
Tang Zhihong (唐志宏)	348	–	–	–	348
Hong Xiaoyuan (洪小源) (vi)	78	–	–	–	78
Supervisors					
Chen Yuejun (陳躍軍)	–	540	242	96	878
Bai Jianjun (白建軍)	300	–	–	–	300
Chen Shimin (陳世敏)	300	–	–	–	300
Li Yue (李躍) (vii)	–	–	–	–	–
Gu Nannan (谷楠楠) (vii)	–	–	–	–	–
Directors and Supervisors resigned					
Wei Qiang (魏強) (viii)	–	–	–	–	–
Huang Jie (黃杰) (viii)	–	–	–	–	–
Liu Yue (劉悅) (viii)	–	–	–	–	–
Hu Xiang (胡湘) (ix)	290	–	–	–	290
Zhao Yongxiang (趙永祥) (x)	–	–	–	–	–
Total (xi)	2,360	1,068	471	192	4,091

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11 Emoluments of directors and supervisors (continued)

11.1 Details of the directors and supervisors' emoluments are as follows: (continued)

(i) The remuneration scheme of the Bank's directors shall be deliberated and determined by the Board of Directors and the General Meeting of Shareholders, and the remuneration scheme of supervisors shall be deliberated and determined by the Board of Supervisors and the General Meeting of Shareholders.

(ii) On February 13, 2025, Mr. Zheng Guoyu was approved by the State Administration of Financial Supervision and Administration as the chairman and non-executive director of the Bank, and did not receive remuneration from the Bank in 2024.

(iii) Mr. Liu Jianjun, Executive Director and President, worked and received remuneration in China Post Group Co., Ltd., the controlling shareholder of the Bank, but did not receive remuneration in the Bank.

(iv) Non-executive directors Mr. Han Wenbo, Mr. Chen Donghao, Mr. Liu Xin'an, Mr. Zhang Xuanbo, Mr. Hu Yuting, Mr. Ding Xiangming and Mr. Yu Mingxiong did not receive remuneration from the Bank.

(v) On June 28, 2024, the 2023 annual general meeting of the Bank elected Mr. Liu Xin'an, Mr. Zhang Xuanbo, Mr. Hu Yuting and Mr. Yu Mingxiong as non-executive directors of the Bank. Mr. Liu Xin'an, Mr. Zhang Xuanbo, Mr. Hu Yuting and Mr. Yu Mingxiong have served as non-executive directors of the Bank since September 10, 2024. The term of office of Mr. Liu Xin'an, Mr. Zhang Xuanbo, Mr. Hu Yuting and Mr. Yu Mingxiong as non-executive directors of the Bank is three years.

(vi) On June 28, 2024, the 2023 annual general meeting of the Bank elected Mr. Hong Xiaoyuan as the independent non-executive director of the Bank. Mr. Hong Xiaoyuan has served as an independent non-executive director of the Bank since October 12, 2024. The term of office of Mr. Hong Xiaoyuan as an independent non-executive director of the Bank is three years.

(vii) As an employee supervisor, the employee supervisor of the Bank does not receive salary, and the salary received in accordance with the employee salary system of the Bank has not been counted.

(viii) According to the announcement of the Bank on September 11, 2024, Mr. Wei Qiang, Mr. Huang Jie and Mr. Liu Yue will no longer serve as independent non-executive directors of the Bank.

(ix) According to the announcement of the Bank on October 15, 2024, Mr. Hu Xiang will no longer serve as the independent non-executive director of the Bank.

(x) Mr. Zhao Yongxiang submitted his resignation to the Bank on March 8, 2024 and resigned as the shareholder representative supervisor of the Bank. Mr. Zhao Yongxiang did not receive salary from the Bank.

(xi) The total remuneration of some directors and supervisors of the Bank in 2024 has not been finalized on the date of approval of the consolidated financial statements, but it is expected that the remuneration not accrued will not have a significant impact on the financial statements of the Group and the Bank in 2024. The total amount of such remuneration will be disclosed after confirmation.

The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Bank and the Group. The Independent Non-executive Directors' and the Supervisors' emoluments shown above were for their services as directors and supervisors of the Bank.

(All amounts in millions of RMB unless otherwise stated)

11 Emoluments of directors and supervisors (continued)

11.1 Details of the directors and supervisors' emoluments are as follows: (continued)

Name	2023				
	Fees RMB thousand	Remuneration RMB thousand	Contribution to pension scheme RMB thousand	Benefits in kind RMB thousand	Total RMB thousand
Executive Directors					
Liu Jianjun (劉建軍) (i)	–	–	–	–	–
Yao Hong (姚紅)	–	1,650	189	93	1,932
Non-executive Directors					
Han Wenbo (韓文博) (ii)	–	–	–	–	–
Chen Donghao (陳東浩) (ii)	–	–	–	–	–
Wei Qiang (魏強) (ii)	–	–	–	–	–
Huang Jie (黃杰) (ii) (iii)	–	–	–	–	–
Liu Yue (劉悅) (ii)	–	–	–	–	–
Ding Xiangming (丁向明) (ii)	–	–	–	–	–
Independent Non-executive Directors					
Wen Tiejun (溫鐵軍)	460	–	–	–	460
Chung Shui Ming Timpson (鍾瑞明)	460	–	–	–	460
Hu Xiang (胡湘)	440	–	–	–	440
Pan Yingli (潘英麗)	440	–	–	–	440
Tang Zhihong (唐志宏)	373	–	–	–	373
Supervisors					
Chen Yuejun (陳躍軍)	–	1,728	202	92	2,022
Bai Jianjun (白建軍)	300	–	–	–	300
Chen Shimin (陳世敏)	300	–	–	–	300
Li Yue (李躍) (iv)	–	–	–	–	–
Gu Nannan (谷楠楠) (iv)	–	–	–	–	–
Directors and Supervisors resigned					
Zhang Xuewen (張學文) (v)	–	662	51	32	745
Fu Tingmei (傅廷美) (vi)	115	–	–	–	115
Zhao Yongxiang (趙永祥) (vii)	–	–	–	–	–
Wu Yu (吳昱) (viii)	125	–	–	–	125
Bu Dongsheng (卜東升) (iv)(ix)	–	–	–	–	–
Total (x)	3,013	4,040	442	217	7,712

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11 Emoluments of directors and supervisors (continued)

11.1 Details of the directors and supervisors' emoluments are as follows: (continued)

(i) The Executive Director and the President of the Bank, Mr. Liu Jianjun received emolument from China Post Group, the controlling shareholder of the Bank, and did not receive emolument from the Bank.

(ii) Non-executive Directors, Mr. Han Wenbo, Mr. Chen Donghao, Mr. Wei Qiang, Mr. Huang Jie, Mr. Liu Yue, and Mr. Ding Xiangming did not receive emolument from the Bank.

(iii) On May 29, 2023, the Board of Directors of the Bank nominated Mr. Huang Jie as the candidate of Non-executive Directors of the Bank. Mr. Huang Jie was elected as a Non-executive Director at the 2022 General Meeting of the Bank on June 30, 2023. The term of office of Mr. Huang is three years, commencing from January 19, 2024.

(iv) The employee supervisors were not remunerated for their role as supervisors, and their remuneration from the Bank as employees were not disclosed here.

(v) Mr. Zhang Xuewen ceased to be the Executive director of the Bank on April 19, 2023.

(vi) According to the Bank's announcement on March 16, 2023, Mr. Fu Tingmei ceased to be an Independent Non-executive Director of the Bank upon the expiry of his six-year term of office.

(vii) Mr. Zhao Yongxiang ceased to be the Supervisor of the Bank on March 8, 2024 and Mr. Zhao did not receive emolument from the Bank.

(viii) Mr. Wu Yu ceased to be the Supervisor of the Bank on May 29, 2023.

(ix) Mr. Bu Dongsheng ceased to be the Supervisor of the Bank on May 29, 2023.

(x) The total remuneration of directors and supervisors of the Bank in 2023 has been approved by the Second Extraordinary General Meeting of the Bank in 2024.

The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Bank and the Group. The Independent Non-executive Directors' and the Supervisors' emoluments shown above were for their services as directors and supervisors of the Bank.

(All amounts in millions of RMB unless otherwise stated)

11 Emoluments of directors and supervisors (continued)

11.2 Five highest paid individuals

For the years ended December 31, 2024 and 2023, the five highest paid individuals did not include any member of the directors or supervisors. The emoluments of the five highest paid individuals in the Group are as follows:

	2024 RMB thousand	2023 RMB thousand
Remunerations paid	**9,395**	13,504
Contribution to pension schemes	**928**	688
Benefits in kind	**486**	464
Total	**10,809**	14,656

The number of these individuals, whose emoluments fell within the following bands, is as follows:

	2024 Number of employees	2023 Number of employees
RMB1,500,001 – RMB2,000,000	**1**	–
RMB2,000,001 – RMB2,500,000	**4**	1
RMB2,500,001 – RMB3,000,000	**–**	2
RMB3,000,001 – RMB3,500,000	**–**	1
RMB3,500,001 – RMB4,000,000	**–**	1

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11 Emoluments of directors and supervisors (continued)

11.3 Benefits and interests of directors, supervisors and their connected entities

(i) The Group enters into credit transactions with certain directors, supervisors or certain corporates and connected entities controlled by the directors or supervisors in general commercial terms in the ordinary course of business. For the years ended December 31, 2024 and 2023, the balance of loans and advances from the Group to the directors, supervisors or certain controlled corporates and connected entities of the directors or supervisors was not significant. The Group did not provide any guarantee or security to the directors, supervisors or certain controlled corporates and connected entities of the directors or supervisors in respect of their loans, quasi-loans or credit transactions.

(ii) For the years ended December 31, 2024 and 2023, no emolument was paid by the Group to any of the directors, supervisors, senior management or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office. Except for the annuity scheme and pension scheme, other retirement benefits for directors or supervisors were not significant, and there were no consideration provided to third parties for making available directors' or supervisors' services; and none of the directors or supervisors forfeited fees or had material interests, whether directly or indirectly, in any material transactions, arrangements or contracts in relation to the Group's business for the years ended December 31, 2024 and 2023.

12 Credit impairment losses

	2024	2023
Deposits with banks and other financial institutions	**(551)**	458
Placements with banks and other financial institutions	**230**	(482)
Financial assets held under resale agreements	**(105)**	(361)
Loans and advances to customers	**30,016**	26,883
Financial investments		
Financial assets measured at FVTOCI	**(189)**	300
Financial assets measured at amortized cost	**(4,047)**	188
Credit commitments	**1,914**	(1,870)
Other financial assets	**1,155**	1,051
Total	**28,423**	26,167

(All amounts in millions of RMB unless otherwise stated)

13 Income tax expenses

	2024	2023
Current income tax	**7,858**	3,777
Deferred income tax (Note 25(1))	**18**	1,398
Total	**7,876**	5,175

Corporate income tax is mainly calculated at 25% of estimated taxable profit. PSBC Consumer Finance Co., Ltd. applies a preferential tax rate of 15% for high-tech enterprises. Pre-tax deductible items of corporate income tax are governed by the relevant regulations of the PRC.

Reconciliation of income tax expenses and profit before income tax are as follows:

	2024	2023
Profit before income tax	**94,592**	91,599
Income tax expenses calculated at the statutory tax rate of 25%	**23,648**	22,900
Tax effect of income with non-taxable, tax reduction and deduction of interest for tax purpose	**(19,584)**	(19,129)
Tax effect of expenses not deductible for tax purpose	**3,902**	1,209
Effect of changes in tax rates of certain subsidiary	**–**	285
Effect of different tax rates of certain subsidiary	**(90)**	(90)
Income tax expenses	**7,876**	5,175

The Group's interest income from central and local government bonds and income from the distribution of securities investment funds are exempted from corporate income tax in accordance with the tax law; and the interest income from bonds issued by Ministry of Railways and micro loans to farmers enjoy reduction in corporate income tax; according to the Notice of the Ministry of Finance and the State Administration of Taxation on corporate income tax policy of special bond interest income of Postal Savings Bank of China (CS [2015] No. 150), the interest income from special bonds issued by China Development Bank and Agricultural Development Bank of China can enjoy reduction in corporate income tax charge.

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14 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue during the corresponding years.

	2024	2023
Net profit attributable to equity holders of the Bank	**86,479**	86,270
Less: Net profit for the year attributable to perpetual bonds holders of the Bank	**6,342**	5,316
Net profit attributable to ordinary shareholders of the Bank	**80,137**	80,954
Weighted average number of ordinary shares in issue (in millions)	**99,161**	97,527
Basic and diluted earnings per share (in RMB Yuan)	**0.81**	0.83

(All amounts in millions of RMB unless otherwise stated)

15 Cash and deposits with central bank

		As at December 31, 2024	As at December 31, 2023
Cash		**46,478**	47,676
Statutory reserve with central bank	(1)	**1,211,769**	1,243,832
Surplus reserve with central bank	(2)	**52,266**	41,458
Fiscal deposits with central bank		**4,190**	4,535
Total		**1,314,703**	1,337,501

(1) Statutory reserve with central bank is mainly the general reserve deposited with the People's Bank of China (hereinafter referred to as the "central bank" or the "PBC") by the Group in accordance with the relevant regulations, and cannot be used for daily operating activities. As at December 31, 2024, the ratio of the Bank for RMB deposits statutory reserve was 8.00% (December 31, 2023: 9.00%), whereas the ratio for foreign currency deposits was 4.00% (December 31, 2023: 4.00%). The statutory reserve funds placed by subsidiaries of the Bank are determined by the PBC.

(2) Surplus reserve with central bank mainly represents deposits placed with central bank for settlement and clearing of interbank transactions.

16 Deposits with banks and other financial institutions

	As at December 31, 2024	As at December 31, 2023
Deposits with domestic banks	**260,284**	188,064
Deposits with other domestic financial institutions	**284**	209
Deposits with overseas banks	**2,622**	2,208
Gross amount	**263,190**	190,481
Allowance for impairment loss	**(714)**	(1,265)
Carrying amount	**262,476**	189,216

The collateral received in connection with deposits with banks and other financial institutions is disclosed in "Note 42.2 Contingent liabilities and commitments – Collateral". As at December 31, 2024 and 2023, the Group did not have any netting agreements or similar arrangements with counterparties.

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17 Placements with banks and other financial institutions

	As at December 31, 2024	As at December 31, 2023
Placements with domestic banks	**39,767**	6,991
Placements with other domestic financial institutions	**305,311**	291,920
Deposits with overseas banks	**4,338**	–
Gross amount	**349,416**	298,911
Allowance for impairment loss	**(1,399)**	(1,169)
Carrying amount	**348,017**	297,742

(All amounts in millions of RMB unless otherwise stated)

18 Derivative financial assets and liabilities

The Group enters into derivative contracts of foreign exchange rate, interest rate and precious metal, which are primarily related to trading, asset and liability management, and customer driven transactions.

The contractual/notional amount and fair value of the derivative financial instruments held by the Group as at the end of the reporting period are set out in the following tables. The contractual/notional amounts of derivative financial instruments provide a basis for comparison with fair value of instruments recognized on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The fair value of derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates, or market prices of precious metals relative to their terms. The aggregate fair value of derivative financial assets and liabilities can fluctuate significantly over different periods.

	As at December 31, 2024			As at December 31, 2023		
	Contractual/ Notional amounts	Assets	Liabilities	Contractual/ Notional amounts	Assets	Liabilities
Analyzed by types of contracts						
Exchange rate contracts	**277,915**	**3,487**	**(3,719)**	133,000	699	(1,721)
Interest rate contracts	**424,720**	**3,089**	**(3,357)**	372,740	1,448	(1,489)
Precious metal contracts	**8,123**	**85**	**(117)**	4,406	7	(385)
Other contracts	**11**	**–**	**(6)**	–	–	–
Total	**710,769**	**6,661**	**(7,199)**	510,146	2,154	(3,595)

	As at December 31, 2024	As at December 31, 2023
Analyzed by credit risk-weighted amount for counterparty:		
Credit risk-weighted amount		
Exchange rate contracts	**4,940**	862
Precious metal contracts	**613**	9
Subtotal	**5,553**	871
Credit value adjustments	**1,072**	365
Central counterparties risk-weighted amount	**9**	117
Total	**6,634**	1,353

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18 Derivative financial assets and liabilities (continued)

Credit risk-weighted amount for derivative transaction counterparties represents the counterparty credit risk associated with derivative transactions and is dependent on, among other factors, creditworthiness of counterparties and maturity characteristics of each type of contract. As at December 31, 2024, it is calculated in accordance with the "Rules on Capital Management of Commercial Banks" (《商業銀行資本管理辦法》) issued by the NFRA which was effective from January 1, 2024. As at December 31, 2023, it is calculated in accordance with the "Rules on Capital Management of Commercial Banks" (Provisional) (《商業銀行資本管理辦法(試行)》) issued by the former CBIRC which was effective from January 1, 2013 and "Measurement Rule of Counterparty Default Risk Weighted Assets on Derivatives" issued by the former CBIRC which was effective from January 1, 2019.

19 Financial assets held under resale agreements

	As at December 31, 2024	As at December 31, 2023
Analyzed by type of collateral		
Debt securities	**184,761**	352,793
Bills	**45,712**	57,469
Gross amount	**230,473**	410,262
Allowance for impairment loss	**(631)**	(736)
Carrying amount	**229,842**	409,526

The collateral received in connection with the purchase of financial assets under resale agreement is disclosed in "Note 42.2 Contingent liabilities and commitments – Collateral". As at December 31, 2024 and 2023, the Group did not have any netting agreements or similar arrangements with counterparties.

20 Loans and advances to customers

20.1 Loans and advances to customers by types

		As at December 31, 2024	As at December 31, 2023
Loans and advances to customers			
– Measured at amortized cost	(1)	**7,898,469**	7,177,797
– Measured at FVTOCI	(2)	**785,675**	737,448
Total		**8,684,144**	7,915,245

(All amounts in millions of RMB unless otherwise stated)

20 Loans and advances to customers (continued)

20.1 Loans and advances to customers by types (continued)

(1) Loans and advances to customers measured at amortized cost

	As at December 31, 2024	As at December 31, 2023
Personal loans and advances		
Consumer loans	**2,995,999**	2,858,741
– Residential mortgage loans	**2,382,146**	2,337,991
– Other consumer loans	**613,853**	520,750
Personal small and micro loans	**1,537,363**	1,392,227
Credit cards overdrafts and others	**238,221**	219,280
Subtotal	**4,771,583**	4,470,248
Corporate loans and advances		
– Loans	**3,355,105**	2,940,719
– Discounted bills	**839**	478
Subtotal	**3,355,944**	2,941,197
Gross amount of loans and advances to customers measured at amortized cost	**8,127,527**	7,411,445
Less: Allowance for impairment loss of loans and advances to customers measured at amortized cost		
– Stage 1	**132,782**	158,240
– Stage 2	**23,116**	12,691
– Stage 3	**73,160**	62,717
Carrying amount of loans and advances to customers measured at amortized cost	**7,898,469**	7,177,797

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20 Loans and advances to customers (continued)

20.1 Loans and advances to customers by types (continued)

(2) Loans and advances to customers measured at FVTOCI

	As at December 31, 2024	As at December 31, 2023
Corporate loans and advances		
– Loans	**294,058**	273,752
– Discounted bills	**491,617**	463,696
Loans and advances to customers measured at FVTOCI	**785,675**	737,448

20.2 Detailed information regarding loans and advances to customers by geographical region, industries, types of collateral and overdue situation is set out in Note 45.3.4.

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(All amounts in millions of RMB unless otherwise stated)

20 Loans and advances to customers (continued)

20.3 Loans and advances to customers by allowance for impairment loss

	As at December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross amount of loans and advances to customers measured at amortized cost	**7,959,402**	**87,698**	**80,427**	**8,127,527**
Allowance for impairment loss of loans and advances to customers measured at amortized cost	**(132,782)**	**(23,116)**	**(73,160)**	**(229,058)**
Carrying amount of loans and advances to customers measured at amortized cost	**7,826,620**	**64,582**	**7,267**	**7,898,469**
Loans and advances to customers measured at FVTOCI	**785,675**	**–**	**–**	**785,675**
Allowance for impairment loss of loans and advances to customers measured at FVTOCI	**(772)**	**–**	**–**	**(772)**

	As at December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross amount of loans and advances to customers measured at amortized cost	7,296,799	47,117	67,529	7,411,445
Allowance for impairment loss of loans and advances to customers measured at amortized cost	(158,240)	(12,691)	(62,717)	(233,648)
Carrying amount of loans and advances to customers measured at amortized cost	7,138,559	34,426	4,812	7,177,797
Loans and advances to customers measured at FVTOCI	737,415	33	–	737,448
Allowance for impairment loss of loans and advances to customers measured at FVTOCI	(818)	(1)	–	(819)

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20 Loans and advances to customers (continued)

20.4 The following tables illustrate the changes in the gross amount of loans and advances to customers:

(1) Personal loans and advances to customers measured at amortized cost

Personal loans and advances to customers measured at amortized cost	Year ended December 31, 2024 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross amount as at January 1, 2024	**4,399,038**	**21,287**	**49,923**	**4,470,248**
Transfers:				
Transfer to stage 1	**4,638**	**(3,187)**	**(1,451)**	**–**
Transfer to stage 2	**(66,191)**	**67,225**	**(1,034)**	**–**
Transfer to stage 3	**(43,433)**	**(6,748)**	**50,181**	**–**
Financial assets derecognized or settled during the year	**(1,666,292)**	**(11,220)**	**(17,118)**	**(1,694,630)**
New financial assets originated or purchased	**2,015,640**	**–**	**–**	**2,015,640**
Write-offs	**–**	**–**	**(19,675)**	**(19,675)**
Gross amount as at December 31, 2024	**4,643,400**	**67,357**	**60,826**	**4,771,583**

Personal loans and advances to customers measured at amortized cost	Year ended December 31, 2023 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross amount as at January 1, 2023	3,982,011	18,506	45,588	4,046,105
Transfers:				
Transfer to stage 1	7,033	(3,729)	(3,304)	–
Transfer to stage 2	(20,823)	21,238	(415)	–
Transfer to stage 3	(34,607)	(5,432)	40,039	–
Financial assets derecognized or settled during the year	(1,580,159)	(9,296)	(16,000)	(1,605,455)
New financial assets originated or purchased	2,045,583	–	–	2,045,583
Write-offs	–	–	(15,985)	(15,985)
Gross amount as at December 31, 2023	4,399,038	21,287	49,923	4,470,248

(All amounts in millions of RMB unless otherwise stated)

20 Loans and advances to customers (continued)

20.4 The following tables illustrate the changes in the gross amount of loans and advances to customers: (continued)

(2) Corporate loans and advances to customers measured at amortized cost

Corporate loans and advances to customers measured at amortized cost	Year ended December 31, 2024 Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	 Total
Gross amount as at January 1, 2024	**2,897,761**	**25,830**	**17,606**	**2,941,197**
Transfers:				
Transfer to stage 1	**8,897**	**(8,890)**	**(7)**	**–**
Transfer to stage 2	**(12,605)**	**13,161**	**(556)**	**–**
Transfer to stage 3	**(8,479)**	**(1,560)**	**10,039**	**–**
Financial assets derecognized or settled during the year	**(1,190,478)**	**(8,200)**	**(3,601)**	**(1,202,279)**
New financial assets originated or purchased	**1,620,906**	**–**	**–**	**1,620,906**
Write-offs	**–**	**–**	**(3,880)**	**(3,880)**
Gross amount as at December 31, 2024	**3,316,002**	**20,341**	**19,601**	**3,355,944**

Corporate loans and advances to customers measured at amortized cost	Year ended December 31, 2023 Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	 Total
Gross amount as at January 1, 2023	2,529,288	17,596	15,077	2,561,961
Transfers:				
Transfer to stage 1	2,546	(2,541)	(5)	–
Transfer to stage 2	(16,729)	19,008	(2,279)	–
Transfer to stage 3	(8,822)	(3,076)	11,898	–
Financial assets derecognized or settled during the year	(761,354)	(5,157)	(3,835)	(770,346)
New financial assets originated or purchased	1,152,832	–	168	1,153,000
Write-offs	–	–	(3,418)	(3,418)
Gross amount as at December 31, 2023	2,897,761	25,830	17,606	2,941,197

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20 Loans and advances to customers (continued)

20.4 The following tables illustrate the changes in the gross amount of loans and advances to customers: (continued)

(3) Loans and advances to customers measured at FVTOCI

Loans and advances to customers measured at FVTOCI	Year ended December 31, 2024 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross amount as at January 1, 2024	**737,415**	**33**	**–**	**737,448**
Transfers:				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Financial assets derecognized or settled during the year	**(737,415)**	**(33)**	**–**	**(737,448)**
New financial assets originated or purchased	**785,675**	**–**	**–**	**785,675**
Write-offs	–	–	–	–
Gross amount as at December 31, 2024	**785,675**	**–**	**–**	**785,675**

Loans and advances to customers measured at FVTOCI	Year ended December 31, 2023 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross amount as at January 1, 2023	602,037	162	168	602,367
Transfers:				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	(33)	33	–	–
Transfer to stage 3	–	–	–	–
Financial assets derecognized or settled during the year	(602,037)	(162)	(168)	(602,367)
New financial assets originated or purchased	737,448	–	–	737,448
Write-offs	–	–	–	–
Gross amount as at December 31, 2023	737,415	33	–	737,448

(All amounts in millions of RMB unless otherwise stated)

20 Loans and advances to customers (continued)

20.5 The following tables illustrate the changes in the loss allowance of loans and advances to customers

(1) Personal loans and advances to customers measured at amortized cost

Personal loans and advances to customers measured at amortized cost	Year ended December 31, 2024 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2024	**85,587**	**7,582**	**47,033**	**140,202**
Transfers:				
Transfer to stage 1	**2,016**	**(1,056)**	**(960)**	**–**
Transfer to stage 2	**(5,564)**	**6,212**	**(648)**	**–**
Transfer to stage 3	**(5,204)**	**(2,830)**	**8,034**	**–**
Changes of ECL arising from transfer of stages	**(1,358)**	**11,115**	**32,907**	**42,664**
Financial assets derecognized or settled during the year	**(37,602)**	**(3,109)**	**(13,242)**	**(53,953)**
New financial assets originated or purchased	**43,571**	**–**	**–**	**43,571**
Remeasurement	**(16,430)**	**(148)**	**1,672**	**(14,906)**
Write-offs	**–**	**–**	**(19,675)**	**(19,675)**
Loss allowance as at December 31, 2024	**65,016**	**17,766**	**55,121**	**137,903**

Personal loans and advances to customers measured at amortized cost	Year ended December 31, 2023 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2023	82,428	6,449	39,726	128,603
Transfers:				
Transfer to stage 1	2,343	(1,135)	(1,208)	–
Transfer to stage 2	(2,789)	2,987	(198)	–
Transfer to stage 3	(6,080)	(2,120)	8,200	–
Changes of ECL arising from transfer of stages	(1,621)	4,310	25,933	28,622
Financial assets derecognized or settled during the year	(37,626)	(2,961)	(11,283)	(51,870)
New financial assets originated or purchased	49,283	–	–	49,283
Remeasurement	(351)	52	1,848	1,549
Write-offs	–	–	(15,985)	(15,985)
Loss allowance as at December 31, 2023	85,587	7,582	47,033	140,202

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20 Loans and advances to customers (continued)

20.5 The following tables illustrate the changes in the loss allowance of loans and advances to customers (continued)

(2) Corporate loans and advances to customers measured at amortized cost

Corporate loans and advances to customers measured at amortized cost	Year ended December 31, 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2024	**72,653**	**5,109**	**15,684**	**93,446**
Transfers:				
Transfer to stage 1	**1,474**	**(1,467)**	**(7)**	**–**
Transfer to stage 2	**(1,487)**	**1,926**	**(439)**	**–**
Transfer to stage 3	**(1,974)**	**(146)**	**2,120**	**–**
Changes of ECL arising from transfer of stages	**(1,036)**	**993**	**5,731**	**5,688**
Financial assets derecognized or settled during the year	**(42,419)**	**(679)**	**(1,747)**	**(44,845)**
New financial assets originated or purchased	**44,474**	**–**	**–**	**44,474**
Remeasurement	**(3,919)**	**(386)**	**577**	**(3,728)**
Write-offs	**–**	**–**	**(3,880)**	**(3,880)**
Loss allowance as at December 31, 2024	**67,766**	**5,350**	**18,039**	**91,155**

Corporate loans and advances to customers measured at amortized cost	Year ended December 31, 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2023	87,483	2,638	13,999	104,120
Transfers:				
Transfer to stage 1	417	(413)	(4)	–
Transfer to stage 2	(1,324)	3,579	(2,255)	–
Transfer to stage 3	(836)	(332)	1,168	–
Changes of ECL arising from transfer of stages	(315)	759	7,086	7,530
Financial assets derecognized or settled during the year	(21,759)	(364)	(1,534)	(23,657)
New financial assets originated or purchased	22,593	–	168	22,761
Remeasurement	(13,606)	(758)	474	(13,890)
Write-offs	–	–	(3,418)	(3,418)
Loss allowance as at December 31, 2023	72,653	5,109	15,684	93,446

(All amounts in millions of RMB unless otherwise stated)

20 Loans and advances to customers (continued)

20.5 The following tables illustrate the changes in the loss allowance of loans and advances to customers (continued)

(3) Loans and advances to customers measured at FVTOCI

	Year ended December 31, 2024			
Loans and advances to customers measured at FVTOCI	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance as at January 1, 2024	**818**	**1**	**–**	**819**
Transfers:				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Changes of ECL arising from transfer of stages	–	–	–	–
Financial assets derecognized or settled during the year	**(818)**	**(1)**	**–**	**(819)**
New financial assets originated or purchased	**772**	–	–	**772**
Remeasurement	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as at December 31, 2024	**772**	**–**	**–**	**772**

	Year ended December 31, 2023			
Loans and advances to customers measured at FVTOCI	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance as at January 1, 2023	1,253	1	168	1,422
Transfers:				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	(1)	1	–	–
Transfer to stage 3	–	–	–	–
Changes of ECL arising from transfer of stages	–	–	–	–
Financial assets derecognized or settled during the year	(1,253)	(1)	(168)	(1,422)
New financial assets originated or purchased	819	–	–	819
Remeasurement	–	–	–	–
Write-offs	–	–	–	–
Loss allowance as at December 31, 2023	818	1	–	819

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21 Financial investments

21.1 Financial assets measured at fair value through profit or loss

	As at December 31, 2024	As at December 31, 2023
Debt securities		
– Listed outside Hong Kong	**67,625**	72,961
– Unlisted	**52**	343
Subtotal	**67,677**	73,304
Interbank certificates of deposits		
– Listed outside Hong Kong	**119,104**	136,949
– Unlisted	**6,671**	2,147
Subtotal	**125,775**	139,096
Asset-backed securities		
– Listed outside Hong Kong	**3,149**	817
Fund investments		
– Unlisted	**825,356**	621,550
Trust investment plans and asset management plans		
– Unlisted	**45**	51,164
Wealth management products issued by financial institutions		
– Unlisted	**1,029**	682
Equity instruments		
– Listed outside Hong Kong	**235**	931
– Unlisted	**899**	972
Subtotal	**1,134**	1,903
Total	**1,024,165**	888,516

The above investments listed outside Hong Kong Special Administrative Region ("SAR") are mainly traded in the Domestic Interbank Bond Market.

(All amounts in millions of RMB unless otherwise stated)

21 Financial investments (continued)

21.1 Financial assets measured at fair value through profit or loss (continued)

Analyzed by types of issuers	As at December 31, 2024	As at December 31, 2023
Debt securities		
– Government	**2,516**	875
– Financial institutions	**50,596**	47,180
– Corporates	**14,565**	25,249
Subtotal	**67,677**	73,304
Interbank certificates of deposits		
– Financial institutions	**125,775**	139,096
Asset-backed securities		
– Financial institutions	**3,149**	817
Fund investments		
– Financial institutions	**825,356**	621,550
Trust investment plans and asset management plans		
– Financial institutions	**45**	51,164
Wealth management products issued by financial institutions		
– Financial institutions	**1,029**	682
Equity instruments		
– Financial institutions	**5**	13
– Corporates	**1,129**	1,890
Subtotal	**1,134**	1,903
Total	**1,024,165**	888,516

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21 Financial investments (continued)

21.2 Financial assets measured at fair value through other comprehensive income-debt instruments

	As at December 31, 2024	As at December 31, 2023
Debt securities		
– Listed in Hong Kong	**1,828**	1,898
– Listed outside Hong Kong	**665,075**	501,638
– Unlisted	**1,003**	–
Subtotal	**667,906**	503,536
Interbank certificates of deposits		
– Unlisted	**906**	–
Total	**668,812**	503,536

The above debt instruments listed outside Hong Kong SAR are mainly traded in the Domestic Interbank Bond Market.

Analyzed by types of issuers	As at December 31, 2024	As at December 31, 2023
Debt securities		
– Government	**308,090**	190,648
– Financial institutions	**280,494**	221,615
– Corporates	**79,322**	91,273
Subtotal	**667,906**	503,536
Interbank certificates of deposits		
– Financial institutions	**906**	–
Total	**668,812**	503,536

For the years ended December 31, 2024 and 2023, there was no change of loss allowance arising from transfer of stages for the Group's financial assets measured at FVTOCI-debt instruments. The main reasons for the movement in the loss allowance are originates or purchases, derecognition or settlement.

As at December 31, 2024, the allowance for impairment loss of the Group's financial assets measured at FVTOCI-debt instruments was RMB1,117 million (As at December 31, 2023: RMB1,306 million), which mainly represented the loss allowance for the financial assets measured at FVTOCI-debt instruments at stage 1.

(All amounts in millions of RMB unless otherwise stated)

21 Financial investments (continued)

21.3 Financial assets measured at fair value through other comprehensive income-equity instruments

	As at December 31, 2024	As at December 31, 2023
Equity instruments		
– Listed outside Hong Kong	–	3,291
– Unlisted	**4,637**	4,035
Total	**4,637**	7,326

Analyzed by types of issuers:	As at December 31, 2024	As at December 31, 2023
Equity instruments		
– Financial institutions	**4,237**	4,035
– Corporates	**400**	3,291
Total	**4,637**	7,326

The Group designates part of non-trading equity investments as financial assets measured at FVTOCI-equity instruments. During the year ended December 31, 2024, the Group recognized RMB75 million dividend income for such equity investments (2023: RMB75 million).

In the current year, the Group disposed part of the equity instruments of RMB3,278 million (2023: RMB506 million). Accumulative gain on disposal, net of tax, of RMB1,144 million has been transferred to retained earnings (2023: RMB172 million).

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21 Financial investments (continued)

21.4 Financial assets measured at amortized cost

		As at December 31, 2024	As at December 31, 2023
Debt securities			
– Listed in Hong Kong		**40,318**	42,795
– Listed outside Hong Kong		**3,545,950**	3,127,762
– Unlisted	(1)	**324,067**	337,646
Subtotal		**3,910,335**	3,508,203
Interbank certificates of deposits			
– Listed outside Hong Kong		**249,309**	290,715
– Unlisted		**44,336**	57,002
Subtotal		**293,645**	347,717
Asset-backed securities			
– Listed outside Hong Kong		**96,331**	114,271
– Unlisted		**1,811**	1,035
Subtotal		**98,142**	115,306
Debt financing plans			
– Unlisted		**1,451**	8,945
Other debt instruments			
– Unlisted	(2)	**24,823**	33,965
Gross amount		**4,328,396**	4,014,136
Allowance for impairment loss		**(21,883)**	(25,926)
Carrying amount		**4,306,513**	3,988,210

The above investments listed outside Hong Kong SAR are mainly traded in the Domestic Interbank Bond Market.

(All amounts in millions of RMB unless otherwise stated)

21 Financial investments (continued)

21.4 Financial assets measured at amortized cost (continued)

(1) Unlisted debt securities included long term special financial bonds issued by China Development Bank and Agricultural Development Bank of China in 2015. As at December 31, 2024, the carrying amount of these special financial bonds was RMB274,127 million, with original maturity of 10 to 20 years (December 31, 2023: the carrying amount was RMB307,405 million, with original maturity of 10 to 20 years).

(2) Other debt instruments mainly include trust investment plans and asset management plans, etc.

Analyzed by types of issuers:	As at December 31, 2024	As at December 31, 2023
Debt securities		
– Government	**1,704,448**	1,471,521
– Financial institutions	**2,067,656**	1,879,813
– Corporates	**138,231**	156,869
Subtotal	**3,910,335**	3,508,203
Interbank certificates of deposits		
– Financial institutions	**293,645**	347,717
Asset-backed securities		
– Financial institutions	**98,142**	115,306
Debt financing plans		
– Corporates	**1,451**	8,945
Other debt instruments		
– Financial institutions	**24,823**	33,965
Gross amount	**4,328,396**	4,014,136
Allowance for impairment loss	**(21,883)**	(25,926)
Carrying amount	**4,306,513**	3,988,210

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21 Financial investments (continued)

21.4 Financial assets measured at amortized cost (continued)

The following tables illustrate the changes in the gross amount of financial assets measured at amortized cost:

	Year ended December 31, 2024			
Financial assets measured at amortized cost	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross amount as at January 1, 2024	**3,990,574**	**6,001**	**17,561**	**4,014,136**
Transfers:				
Transfer to stage 1	**125**	**(125)**	**–**	**–**
Transfer to stage 2	**–**	**195**	**(195)**	**–**
Transfer to stage 3	**–**	**–**	**–**	**–**
Financial assets derecognized or settled during the year	**(707,816)**	**(3,878)**	**(254)**	**(711,948)**
New financial assets originated or purchased	**1,026,208**	**–**	**–**	**1,026,208**
Gross amount as at December 31, 2024	**4,309,091**	**2,193**	**17,112**	**4,328,396**

	Year ended December 31, 2023			
Financial assets measured at amortized cost	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross amount as at January 1, 2023	3,669,511	8,095	20,158	3,697,764
Transfers:				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	(521)	540	(19)	–
Transfer to stage 3	–	–	–	–
Financial assets derecognized or settled during the year	(803,876)	(2,634)	(681)	(807,191)
New financial assets originated or purchased	1,125,460	–	–	1,125,460
Write-offs	–	–	(1,897)	(1,897)
Gross amount as at December 31, 2023	3,990,574	6,001	17,561	4,014,136

(All amounts in millions of RMB unless otherwise stated)

21 Financial investments (continued)

21.4 Financial assets measured at amortized cost (continued)

The following tables illustrate the changes in the loss allowance of financial assets measured at amortized cost:

Financial assets measured at amortized cost	Year ended December 31, 2024 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2024	**6,030**	**2,339**	**17,557**	**25,926**
Transfers:				
Transfer to stage 1	**3**	**(3)**	**–**	**–**
Transfer to stage 2	**–**	**195**	**(195)**	**–**
Transfer to stage 3	**–**	**–**	**–**	**–**
Changes of ECL arising from transfer of stages	**(2)**	**(145)**	**–**	**(147)**
Financial assets derecognized or settled during the year	**(2,526)**	**(1,460)**	**(254)**	**(4,240)**
New financial assets originated or purchased	**1,355**	**–**	**–**	**1,355**
Remeasurement	**(911)**	**(108)**	**4**	**(1,015)**
Exchange rate changes	**4**	**–**	**–**	**4**
Loss allowance as at December 31, 2024	**3,953**	**818**	**17,112**	**21,883**

Financial assets measured at amortized cost	Year ended December 31, 2023 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2023	4,633	3,424	20,109	28,166
Transfers:				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	(48)	67	(19)	–
Transfer to stage 3	–	–	–	–
Changes of ECL arising from transfer of stages	–	1	–	1
Financial assets derecognized or settled during the year	(1,703)	(948)	(679)	(3,330)
New financial assets originated or purchased	3,084	–	–	3,084
Remeasurement	54	(205)	43	(108)
Write-offs	–	–	(1,897)	(1,897)
Exchange rate changes	10	–	–	10
Loss allowance as at December 31, 2023	6,030	2,339	17,557	25,926

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22 Investment in subsidiaries

The entities in consolidation scope are mainly subsidiaries established by the Bank.

The Bank	As at December 31, 2024	As at December 31, 2023
Investment cost	**15,115**	15,115

Name of entities		Place of incorporation/ registration year of and operations	Authorized/ paid-in capital (RMB)	Nature of business	Percentage of equity interest	Proportion of voting rights	Year of establishment
PSBC Consumer Finance Co., Ltd.*	(1)	Guangzhou, Guangdong Province, PRC	3 billion	Consumer finance	70.50%	70.50%	2015
PSBC Wealth Management Co., Ltd.*	(2)	Beijing, PRC	8 billion	Wealth management	100.00%	100.00%	2019
YOU+ BANK Co., Ltd.*	(3)	Shanghai, PRC	5 billion	Direct banking	100.00%	100.00%	2022

* These subsidiaries incorporated in PRC are all limited liability companies.

(1) On November 19, 2015, the Bank, together with other investors, jointly sponsored the establishment of PSBC Consumer Finance Co., Ltd. ("PSBC Consumer Finance"). PSBC Consumer Finance mainly engages in following RMB businesses: granting personal consumer loans; accepting deposits from domestic shareholders and their domestic subsidiaries; borrowing from domestic financial institutions; authorized issuance of financial bonds; placements with/from domestic banks and other financial institutions; consumer financing advisory and agency services; agency sales of consumer loans related insurance products, investments in fixed income securities; asset securitization business and other businesses as approved by the NFRA. As at December 31, 2024, the Bank owned 70.50% in the equity interest and voting rights of PSBC Consumer Finance (December 31, 2023: 70.50%).

(2) On December 3, 2019, the Bank obtained formal approval issued by the former CBIRC (《關於中郵理財有限責任公司開業的批覆》) for the commencement of business operation of PSBC Wealth Management Co., Ltd. ("PSBC Wealth Management"). On December 18, 2019, PSBC Wealth Management was officially incorporated. PSBC Wealth Management mainly engages in the following businesses: public issuing wealth management products to unspecified general investors, carrying out investment and management of properties entrusted by investors; non-public issuing wealth management products to eligible investors, carrying out investment and management of assets entrusted by investors; financial advising and consulting services in relation to wealth management; and other businesses as approved by the NFRA. As at December 31, 2024, the Bank owned 100.00% in the equity interest and voting rights of PSBC Wealth Management (December 31, 2023: 100.00%).

(3) On December 16, 2021, the Bank obtained formal approval issued by the former CBIRC (《關於中郵郵惠萬家銀行有限責任公司開業的批覆》) for the commencement of business operation of YOU+ BANK Co., Ltd. ("YOU+ BANK"). On January 7, 2022, YOU+ BANK was officially incorporated. YOU+ BANK mainly engages in the following businesses: taking public deposits, mainly from individuals, small and micro enterprises; granting short-term, medium-term and long-term loans to individuals, small and micro enterprises; processing domestic and foreign settlement through electronic channels; processing electronic bill acceptance and discounting; issuance of financial bonds; buying and selling government bonds and financial bonds; conducting interbank placements; purchasing and selling foreign exchange, or acting as an agent thereof; operating bank card business; acting as an agent for receipts and payments and agency insurance business; other businesses as approved by the NFRA. As at December 31, 2024, the Bank owned 100.00% in the equity interest and voting rights of YOU+ BANK (December 31, 2023: 100.00%).

(All amounts in millions of RMB unless otherwise stated)

23 Interests in associates

	As at December 31, 2024	As at December 31, 2023
Investment in an associate	**733**	673

On March 22, 2022, Guomin Pension Insurance Co., Ltd. (hereinafter referred to as "Guomin Pension") was incorporated with registered capital of RMB11.38 billion and the Bank's subsidiary, PSBC Wealth Management owned equity interest of Guomin Pension. The Group holds 5.71% of the equity interest and the voting rights, and could appoint directors and has right to participate in the financial and operational decisions of Guomin Pension. The directors of the Bank conclude that the Group only has significant influence over Guomin Pension and therefore it is classified as an associate of the Group.

24 Property and equipment

	Buildings	Electronic equipment	Motor vehicles	Office equipment and others	Construction in progress	Total
Cost						
As at January 1, 2024	**67,368**	**14,633**	**1,348**	**4,570**	**11,081**	**99,000**
Increases	**594**	**389**	**146**	**2,285**	**10,389**	**13,803**
Transfer from investment properties	**24**	**–**	**–**	**–**	**–**	**24**
Transfer from construction in progress	**5,942**	**90**	**–**	**25**	**(6,057)**	**–**
Decreases	**(274)**	**(2,671)**	**(81)**	**(315)**	**(1,250)**	**(4,591)**
As at December 31, 2024	**73,654**	**12,441**	**1,413**	**6,565**	**14,163**	**108,236**
Accumulated depreciation						
As at January 1, 2024	**(27,937)**	**(11,429)**	**(1,003)**	**(3,411)**	**–**	**(43,780)**
Charge for the year	**(3,370)**	**(1,588)**	**(151)**	**(1,948)**	**–**	**(7,057)**
Transfer from investment properties	**(19)**	**–**	**–**	**–**	**–**	**(19)**
Disposals	**86**	**2,409**	**77**	**298**	**–**	**2,870**
As at December 31, 2024	**(31,240)**	**(10,608)**	**(1,077)**	**(5,061)**	**–**	**(47,986)**
Carrying amount						
As at January 1, 2024	**39,431**	**3,204**	**345**	**1,159**	**11,081**	**55,220**
As at December 31, 2024	**42,414**	**1,833**	**336**	**1,504**	**14,163**	**60,250**

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24 Property and equipment (continued)

	Buildings	Electronic equipment	Motor vehicles	Office equipment and others	Construction in progress	Total
Cost						
As at January 1, 2023	60,973	12,100	1,306	4,578	13,088	92,045
Increases	617	497	153	94	8,371	9,732
Transfer from investment properties	5	–	–	–	–	5
Transfer from construction in progress	5,860	2,856	–	165	(8,881)	–
Decreases	(87)	(820)	(111)	(267)	(1,497)	(2,782)
As at December 31, 2023	67,368	14,633	1,348	4,570	11,081	99,000
Accumulated depreciation						
As at January 1, 2023	(24,824)	(9,713)	(973)	(3,263)	–	(38,773)
Charge for the year	(3,169)	(2,492)	(136)	(402)	–	(6,199)
Transfer from investment properties	(3)	–	–	–	–	(3)
Disposals	59	776	106	254	–	1,195
As at December 31, 2023	(27,937)	(11,429)	(1,003)	(3,411)	–	(43,780)
Carrying amount						
As at January 1, 2023	36,149	2,387	333	1,315	13,088	53,272
As at December 31, 2023	39,431	3,204	345	1,159	11,081	55,220

As at December 31, 2024, the Group was still in the process of obtaining ownership certificates of certain properties, with cost amounted to RMB2,269 million (December 31, 2023: RMB2,814 million), while carrying amount was RMB1,576 million (December 31, 2023: RMB2,173 million).

The management of the Group believed the above mentioned properties did not have any material adverse effect on the Group's business operations, operating performance and financial position.

All buildings of the Group were located outside Hong Kong SAR.

(All amounts in millions of RMB unless otherwise stated)

25 Deferred taxes

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The following is the analysis of the deferred tax balances.

	As at December 31, 2024	As at December 31, 2023
Deferred tax assets	**61,185**	62,508
Deferred tax liabilities	**(57)**	(4)
Total	**61,128**	62,504

(1) The following are the movements and major deferred tax assets and liabilities recognized:

	Allowance for Impairment loss	Staff cost accrued but not paid	Fair value changes of financial instruments	Provisions	Right-of-use assets	Lease liabilities and others	Total
As at January 1, 2024	**62,811**	**3,291**	**(5,500)**	**1,041**	**(2,461)**	**3,322**	**62,504**
Charge/(Credit) to profit or loss	**1,703**	**74**	**(1,476)**	**(261)**	**(27)**	**(31)**	**(18)**
Charge/(Credit) to other comprehensive income	**59**	**–**	**(1,417)**	**–**	**–**	**–**	**(1,358)**
As at December 31, 2024	**64,573**	**3,365**	**(8,393)**	**780**	**(2,488)**	**3,291**	**61,128**
As at January 1, 2023	62,214	3,007	(3,689)	1,758	(2,658)	3,312	63,944
Charge/(Credit) to profit or loss	521	284	(1,693)	(717)	197	10	(1,398)
Charge/(Credit) to other comprehensive income	76	–	(118)	–	–	–	(42)
As at December 31, 2023	62,811	3,291	(5,500)	1,041	(2,461)	3,322	62,504

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25 Deferred taxes (continued)

(2) Deferred tax assets and liabilities and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

	As at December 31, 2024		As at December 31, 2023	
	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)
Deferred tax assets				
Allowance for impairment loss	**261,197**	**64,573**	253,607	62,811
Staff cost accrued but not paid	**13,471**	**3,365**	13,173	3,291
Provisions	**3,119**	**780**	4,163	1,041
Fair value changes of financial instruments	**578**	**144**	1,485	371
Lease liabilities and others	**13,528**	**3,373**	13,794	3,435
Total	**291,893**	**72,235**	286,222	70,949
Deferred tax liabilities				
Fair value changes of financial instruments	**(34,148)**	**(8,537)**	(23,482)	(5,871)
Right-of-use assets and others	**(10,512)**	**(2,570)**	(10,544)	(2,574)
Total	**(44,660)**	**(11,107)**	(34,026)	(8,445)
Net value	**247,233**	**61,128**	252,196	62,504

(All amounts in millions of RMB unless otherwise stated)

26 Other assets

		As at December 31, 2024	As at December 31, 2023
Deferred expenses		**34,621**	15,196
Right-of-use assets	(1)	**11,692**	11,788
Amounts pending for settlement and clearing		**32,676**	7,766
Intangible assets	(2)	**6,663**	6,027
Interest receivable		**6,004**	4,990
Continuing involvement assets (Note 43.3)		**4,450**	4,450
Other accounts receivable		**3,946**	3,567
Receivable of fee and commission		**3,636**	3,197
Precious metals		**2,714**	1,716
Prepaid expenses		**987**	1,229
Low-value consumables		**257**	527
Foreclosed assets		**57**	111
Investment properties		**–**	5
Others		**6,670**	10,226
Gross amount		**114,373**	70,795
Allowance for impairment loss		**(1,601)**	(1,537)
Net value		**112,772**	69,258

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26 Other assets (continued)

(1) Right-of-use assets

	Properties	Land use rights	Total
Cost			
As at January 1, 2024	**18,968**	**2,613**	**21,581**
Additions	**4,360**	**–**	**4,360**
Disposals	**(4,168)**	**(10)**	**(4,178)**
As at December 31, 2024	**19,160**	**2,603**	**21,763**
Accumulated depreciation/amortization			
As at January 1, 2024	**(8,962)**	**(831)**	**(9,793)**
Provided for the year	**(3,584)**	**(59)**	**(3,643)**
Disposals	**3,358**	**7**	**3,365**
As at December 31, 2024	**(9,188)**	**(883)**	**(10,071)**
Carrying amount			
As at January 1, 2024	**10,006**	**1,782**	**11,788**
As at December 31, 2024	**9,972**	**1,720**	**11,692**

(All amounts in millions of RMB unless otherwise stated)

26 Other assets (continued)

(1) Right-of-use assets (continued)

	Properties	Land use rights	Total
Cost			
As at January 1, 2023	18,637	2,614	21,251
Additions	3,629	1	3,630
Disposals	(3,298)	(2)	(3,300)
As at December 31, 2023	18,968	2,613	21,581
Accumulated depreciation/amortization			
As at January 1, 2023	(8,005)	(771)	(8,776)
Provided for the year	(3,714)	(60)	(3,774)
Disposals	2,757	–	2,757
As at December 31, 2023	(8,962)	(831)	(9,793)
Carrying amount			
As at January 1, 2023	10,632	1,843	12,475
As at December 31, 2023	10,006	1,782	11,788

(2) Intangible assets of the Group mainly include computer software which is amortized within 10 years.

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27 Movements of allowance for impairment loss

	Notes	Year ended December 31, 2024 Beginning balance	Current year (reversal)/ accrual	Current year recoveries	Write-off and transfer-out/ disposal	Exchange rate changes and others	Year end balance
Deposits with banks and other financial institutions	16	**1,265**	**(551)**	**–**	**–**	**–**	**714**
Placements with banks and other financial institutions	17	**1,169**	**230**	**–**	**–**	**–**	**1,399**
Financial assets held under resale agreements	19	**736**	**(105)**	**–**	**–**	**–**	**631**
Loans and advances to customers	20	**234,467**	**30,016**	**5,406**	**(40,044)**	**(15)**	**229,830**
Financial assets measured at fair value through other comprehensive income-debt instruments	21.2	**1,306**	**(189)**	**–**	**–**	**–**	**1,117**
Financial assets measured at amortized cost	21.4	**25,926**	**(4,047)**	**–**	**–**	**4**	**21,883**
Foreclosed assets	26	**28**	**22**	**–**	**(31)**	**–**	**19**
Other assets	26	**1,509**	**1,155**	**112**	**(1,194)**	**–**	**1,582**
Total		**266,406**	**26,531**	**5,518**	**(41,269)**	**(11)**	**257,175**

	Notes	Year ended December 31, 2023 Beginning balance	Current year accrual/ (reversal)	Current year recoveries	Write-off and transfer-out/ disposal	Exchange rate changes and others	Year end balance
Deposits with banks and other financial institutions	16	807	458	–	–	–	1,265
Placements with banks and other financial institutions	17	1,651	(482)	–	–	–	1,169
Financial assets held under resale agreements	19	1,097	(361)	–	–	–	736
Loans and advances to customers	20	234,145	26,883	4,690	(31,304)	53	234,467
Financial assets measured at fair value through other comprehensive income-debt instruments	21.2	1,006	300	–	–	–	1,306
Financial assets measured at amortized cost	21.4	28,166	188	109	(2,547)	10	25,926
Foreclosed assets	26	42	5	–	(19)	–	28
Other assets	26	1,635	1,050	117	(1,293)	–	1,509
Total		268,549	28,041	4,916	(35,163)	63	266,406

(All amounts in millions of RMB unless otherwise stated)

28 Borrowings from central bank

	As at December 31, 2024	As at December 31, 2023
Borrowings from central bank	**26,138**	33,835

As at December 31, 2024 and 2023, borrowings from central bank were special central bank lendings and carbon reduction supporting tools, issued by the PBC.

29 Deposits from banks and other financial institutions

	As at December 31, 2024	As at December 31, 2023
Deposits from domestic banks	**59,024**	47,087
Deposits from other domestic financial institutions	**76,575**	48,216
Total	**135,599**	95,303

30 Placements from banks and other financial institutions

	As at December 31, 2024	As at December 31, 2023
Placements from domestic banks	**45,641**	59,164
Placements from overseas banks	**1,658**	1,048
Total	**47,299**	60,212

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31 Financial assets sold under repurchase agreements

	As at December 31, 2024	As at December 31, 2023
Analyzed by type of collateral:		
Debt securities	**177,177**	244,849
Bills	**17,347**	28,515
Total	**194,524**	273,364

The collateral pledged under repurchase agreement is disclosed in "Note 42.2 Contingent liabilities and commitments – Collateral".

32 Customer deposits

	As at December 31, 2024	As at December 31, 2023
Demand deposits		
Personal	**3,239,491**	3,146,947
Corporate	**904,244**	881,226
Subtotal	**4,143,735**	4,028,173
Time deposits		
Personal	**10,389,047**	9,347,909
Corporate	**752,003**	577,211
Subtotal	**11,141,050**	9,925,120
Other deposits	**2,756**	2,670
Total	**15,287,541**	13,955,963

As at December 31, 2024, customer deposits received by the Group included pledged deposits of RMB97,042 million (December 31, 2023: RMB43,330 million).

(All amounts in millions of RMB unless otherwise stated)

33 Debt securities issued

		As at December 31, 2024	As at December 31, 2023
Debt securities issued		**122,339**	122,333
Including: 10-year tier-2 capital bonds at a fixed interest rate (issued in August, 2021)	(1)	**50,614**	50,612
15-year tier-2 capital bonds at a fixed interest rate (issued in August, 2021)	(2)	**10,133**	10,133
10-year tier-2 capital bonds at a fixed interest rate (issued in March, 2022)	(3)	**36,012**	36,009
15-year tier-2 capital bonds at a fixed interest rate (issued in March, 2022)	(4)	**5,152**	5,152
15-year tier-2 capital bonds at a fixed interest rate (issued in May, 2023)	(5)	**20,428**	20,427
Financial securities issued	(6)	**13,739**	10,214
Interbank certificates of deposits issued	(7)	**105,902**	128,591
Total		**241,980**	261,138

(1) In August 2021, upon the approval from the former CBIRC and the PBC, the Group issued RMB50 billion of 10-year tier-2 capital bonds at a fixed coupon rate of 3.44%, with interests paid annually. The Group has an option to redeem part or all of the bonds at face value in August 2026 if specified redemption conditions as stipulated in the offering documents are met, subject to approval of the NFRA. If the Group does not exercise this redemption right, the annual coupon rate would remain at 3.44% from August 2026 onward.

(2) In August 2021, upon the approval from the former CBIRC and the PBC, the Group issued RMB10 billion of 15-year tier-2 capital bonds at a fixed coupon rate of 3.75%, with interests paid annually. The Group has an option to redeem part or all of the bonds at face value in August 2031 if specified redemption conditions as stipulated in the offering documents are met, subject to approval of the NFRA. If the Group does not exercise this redemption right, the annual coupon rate would remain at 3.75% from August 2031 onward.

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33 Debt securities issued (continued)

(3) In March 2022, upon the approval from the former CBIRC and the PBC, the Group issued RMB35 billion of 10-year tier-2 capital bonds at a fixed coupon rate of 3.54%, with interests paid annually. The Group has an option to redeem part or all of the bonds at face value in March 2027 if specified redemption conditions as stipulated in the offering documents are met, subject to approval of the NFRA. If the Group does not exercise this redemption right, the annual coupon rate would remain at 3.54% from March 2027 onward.

(4) In March 2022, upon the approval from the former CBIRC and the PBC, the Group issued RMB5 billion of 15-year tier-2 capital bonds at a fixed coupon rate of 3.74%, with interests paid annually. The Group has an option to redeem part or all of the bonds at face value in March 2032 if specified redemption conditions as stipulated in the offering documents are met, subject to approval of the NFRA. If the Group does not exercise this redemption right, the annual coupon rate would remain at 3.74% from March 2032 onward.

(5) In May 2023, upon the approval from the former CBIRC and the PBC, the Group issued RMB20 billion of 15-year tier 2 capital bonds at a fixed coupon rate of 3.39%, with interests paid annually. The Group has an option to redeem part or all of the bonds at face value in May 2033 if specified redemption conditions as stipulated in the offering documents are met, subject to approval of the NFRA. If the Group does not exercise this redemption right, the annual coupon rate would remain at 3.39% from May 2033 onward.

The above-mentioned tier-2 capital bonds contain a write-down feature, which allows the Group to write down the entire principal of the bonds when a regulatory triggering event occurs as stipulated in the offering documents and not to pay any outstanding interests payable that have been accumulated. These tier-2 capital bonds meet the relevant criteria of the former CBIRC and are qualified as tier-2 capital instruments.

(6) In March 2023, upon the approval from the former CBIRC and the PBC, the Bank issued RMB5 billion of 3-year green financial bonds at a fixed coupon rate of 2.79%, with interests paid annually, and RMB5 billion of 3-year special bonds for small and micro enterprises loans at a fixed coupon rate of 2.80%, with interests paid annually.

In July 2024, upon the approval from the National Financial Regulatory Administration and the PBC, the Bank's subsidiary, PSBC Consumer Finance, issued RMB2 billion of 3-year financial bonds at a fixed coupon rate of 2.10%, with interests paid annually, and RMB1.5 billion of 3-year financial bonds at a fixed coupon rate of 2.17%, with interests paid annually.

(7) For the year ended December 31, 2024, the Group issued interbank certificates of deposit with the total face value amount of RMB238.46 billion at a fixed coupon rate of 1.60%-1.87% with an original maturity of 1 month to 1 year. As at December 31, 2024, the total face value of outstanding interbank certificates of deposit amounted to RMB106.54 billion.

(All amounts in millions of RMB unless otherwise stated)

34 Other liabilities

		As at December 31, 2024	As at December 31, 2023
Employee benefits payable	(1)	**24,105**	23,431
Payables for agency services		**15,382**	13,819
Dividends payable		**14,646**	–
Provisions	(2)	**9,802**	8,930
Lease liabilities	(3)	**9,222**	9,268
Amount pending for settlement and clearing		**6,219**	4,140
Continuing involved liabilities (Note 43.3)		**4,450**	4,450
VAT and other taxes payable		**3,522**	4,088
Contract liabilities		**2,161**	1,790
Payables to China Post Group and other related parties (Note 40.3.1(4))		**2,001**	2,077
Payable for construction cost		**969**	964
Exchange transaction payables		**720**	756
Others		**19,533**	12,809
Total		**112,732**	86,522

(1) Employee benefits payable

		2024			
		Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance at the end of the year
Wages and salaries, bonus, allowance and subsidies		20,654	42,822	(42,495)	20,981
Staff welfare		88	2,994	(2,972)	110
Social security contributions		240	3,838	(3,876)	202
Including: Medical insurance		237	3,678	(3,716)	199
Maternity insurance		2	68	(68)	2
Work injury insurance		1	92	(92)	1
Housing funds		25	4,850	(4,853)	22
Labour union funds and employee education funds		1,327	1,678	(1,350)	1,655
Defined contribution plans		447	9,138	(9,148)	437
Including: Basic pensions		91	5,741	(5,758)	74
Unemployment insurance		3	159	(158)	4
Annuity scheme		353	3,238	(3,232)	359
Supplementary retirement benefits and early retirement benefits	(i)	650	78	(30)	698
Others		–	48	(48)	–
Total		23,431	65,446	(64,772)	24,105

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34 Other liabilities (continued)

(1) Employee benefits payable (continued)

		2023			
		Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance at the end of the year
Wages and salaries, bonus, allowance and subsidies		19,928	43,737	(43,011)	20,654
Staff welfare		74	3,012	(2,998)	88
Social security contributions		222	3,601	(3,583)	240
Including: Medical insurance		219	3,449	(3,431)	237
Maternity insurance		2	66	(66)	2
Work injury insurance		1	86	(86)	1
Housing funds		25	4,526	(4,526)	25
Labour union funds and employee education funds		1,281	1,551	(1,505)	1,327
Defined contribution plans		669	8,516	(8,738)	447
Including: Basic pensions		116	5,356	(5,381)	91
Unemployment insurance		5	145	(147)	3
Annuity scheme		548	3,015	(3,210)	353
Supplementary retirement benefits and early retirement benefits	(i)	661	21	(32)	650
Others		–	28	(28)	–
Total		22,860	64,992	(64,421)	23,431

(i) Supplementary retirement benefits and early retirement benefits

The retirement benefit obligations of the Group refer to supplementary benefits for retirees and early-retirees recognized in the consolidated statement of financial position using the projected unit credit method as follows:

	As at December 31, 2024	As at December 31, 2023
Balance at the beginning of year	**650**	661
Interest expenses	**17**	19
Gain or loss from actuarial calculation	**61**	2
– Credit to profit or loss	**(2)**	(10)
– Charge to other comprehensive income	**63**	12
Benefits paid	**(30)**	(32)
Balance at the end of year	**698**	650

(All amounts in millions of RMB unless otherwise stated)

34 Other liabilities (continued)

(1) Employee benefits payable (continued)

(i) Supplementary retirement benefits and early retirement benefits (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As at December 31, 2024	As at December 31, 2023
Discount rate used for retirement benefit plan	**1.75%**	2.75%
Discount rate used for early retirement benefit plan	**1.25%**	2.25%
Annual growth rates of average medical expenses	**8.00%**	8.00%
Annual growth rates of retiree expenses	**3% and 0%**	3% and 0%
Annual growth rates of early-retiree expenses	**6%,3% and 0%**	6%, 3% and 0%
Normal retirement age		
– Male	**60-63**	60
– Female	**55-58、50-55**	55, 50

As at December 31, 2024 and 2023, the future mortality rate assumption was based on the China Life Insurance Mortality Table (2010-2013) issued on December 28, 2016, which was the statistical information publicly available in China.

(2) Provisions

		January 1, 2024	Current year accrual/ (reversal)	Current year payment	Current year exchange rate changes	December 31, 2024
ECL provisions on guarantee and commitments	(i)	**4,767**	**1,914**	**–**	**2**	**6,683**
Litigation and others	(ii)	**4,163**	**(899)**	**(145)**	**–**	**3,119**
Total		**8,930**	**1,015**	**(145)**	**2**	**9,802**

		January 1, 2023	Current year (reversal)/ accrual	Current year payment	Current year exchange rate changes	December 31, 2023
ECL provisions on guarantee and commitments	(i)	6,633	(1,870)	–	4	4,767
Litigation and others	(ii)	7,031	10	(2,878)	–	4,163
Total		13,664	(1,860)	(2,878)	4	8,930

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34 Other liabilities (continued)

(2) Provisions (continued)

(i) ECL provisions on guarantee and commitments

	As at December 31, 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Provision as at December 31, 2024	**6,517**	**114**	**52**	**6,683**

	As at December 31, 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Provision as at December 31, 2023	4,728	39	–	4,767

(ii) As at December 31, 2024 and 2023, the Group established accruals for unsettled litigations and claims according to the best estimation for a variety of risk events and outflow of economic benefits.

(3) Lease liabilities

	As at December 31, 2024	As at December 31, 2023
Within 1 month	**234**	243
1 to 3 months	**474**	482
3 to 12 months	**2,392**	2,331
1 to 2 years	**2,330**	2,453
2 to 5 years	**3,306**	3,026
Over 5 years	**1,597**	1,561
Contractual undiscounted cash flows of lease liabilities	**10,333**	10,096
Carrying amount of lease liabilities	**9,222**	9,268

(All amounts in millions of RMB unless otherwise stated)

35 Share capital and other equity instruments

35.1 Share capital

	As at December 31, 2024		As at December 31, 2023	
	Number of shares (million shares)	Face value	Number of shares (million shares)	Face value
Domestically listed (A shares)	**79,305**	**79,305**	79,305	79,305
Listed overseas (H shares)	**19,856**	**19,856**	19,856	19,856
Total	**99,161**	**99,161**	99,161	99,161

A shares refer to ordinary shares that are subscribed and traded in RMB, and H shares are shares that are approved to be listed in Hong Kong and denominated in RMB, but subscribed and traded in Hong Kong dollars. All H shares and A shares issued by the Bank are ordinary shares with a face value of RMB1.00 per share and enjoy equal rights.

On December 23, 2011, in accordance with the Approval by the MOF on the State-owned Equity Management Plan of Postal Savings Bank Co., Ltd. (Cai Jin (2011) No. 181), China Post Group was the exclusive promoter of the Bank. 45 billion promoter's shares were established and paid-in capital of the Bank amounted to RMB45 billion. In December 2013 and December 2014, China Post Group increased the capital of the Bank by RMB2 billion and RMB10 billion respectively.

On December 8, 2015, in accordance with the Approval of the former CBIRC on Capital Increase and the Introduction of Strategic Investors by the Postal Savings Bank of China, the former CBIRC agreed the Bank's non-public offering of no more than 11,604 million shares to 10 institutional investors, including UBS Limited, China Life Insurance Company Ltd., China Telecommunications Corporation, Canada Pension Fund Investment Corporation, Zhejiang Ant Small and Micro Financial Services Group Co., Ltd., JPMorgan Bank China Investment Second Investment, Futun Management, International Finance Corporation, DBS Bank Co., Ltd. and Shenzhen Tencent Domain Calculator Network (hereinafter referred to as "Strategic Investors"). After the capital increase, the Bank's total shares increased to 68,604 million.

On September 28, 2016, the Bank was listed on The Stock Exchange of Hong Kong Limited. In the same year, the over-allotment option was exercised and the total shares of the Bank increased to 81,031 million.

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35 Share capital and other equity instruments (continued)

35.1 Share capital (continued)

Approved by the former CBIRC through the Initial Public Offering of A Shares by the Postal Savings Bank of China Co., Ltd and amendment of the Articles of Association (Yinbaojianfu [2019] No.565)《中國銀保監會關於郵儲銀行首次公開發行 A 股股票並上市和修改公司章程的批覆》(銀保監覆[2019]565 號) and approved by the China Securities Regulatory Commission through the Approval of Postal Savings Bank of China Co., Ltd.'s Initial Public Offering *(CSRC License [2019] No. 1991)*《關於核准中國郵政儲蓄銀行股份有限公司首次公開發行股票的批覆》(證監許可[2019]1991 號文). The Bank completed the initial public offering of 5,172 million A shares (excluding over-allotment) in December 2019. The face value of A shares was RMB1.00 per share, and the issue price was RMB5.50 per share. The net proceeds raised were RMB28,001 million, of which the share capital was RMB5,172 million and the capital reserve was RMB22,829 million. After initial public offering of A shares, the total shares of the Bank increased to 86,203 million.

The joint lead underwriters exercised the over-allotment option in January 2020. The over-allotment issued 776 million A shares at a face value of RMB1.00 and the issue price was RMB5.50 per share. The net proceeds raised were RMB4,205 million, of which the share capital was RMB776 million and the capital reserve was RMB3,429 million. After execution of the over-allotment, the total shares of the Bank increased to 86,979 million.

The Bank completed the private offering of 5,405 million of A shares in March 2021 to its controlling shareholders. The face value of A shares was RMB1.00, and the issue price was RMB5.55 per share. The net proceeds raised were RMB29,985 million, of which the share capital was RMB5,405 million and capital reserve was of RMB24,580 million. After the private offering of A shares, the total shares of the Bank increased to 92,384 million.

The Bank completed the private offerings of 6,777 million of A shares in March 2023 to China Mobile Communications Group Co., Ltd. The face value of A shares was RMB1.00, and the issue price was RMB6.64 per share. The net proceeds raised were RMB44,980 million, of which the share capital was RMB6,777 million and capital reserve was of RMB38,203 million. After the private offering of A shares, the total shares of the Bank increased to 99,161 million.

As at December 31, 2024 the total number of ordinary shares of the Bank was 99,161 million of which 12,182 million shares were restricted for sales and 86,979 million shares were unrestricted shares (As at December 31, 2023, the total number of ordinary shares of the Bank was 99,161 million of which 12,182 million shares were restricted for sales and 86,979 million shares were unrestricted shares).

(All amounts in millions of RMB unless otherwise stated)

35 Share capital and other equity instruments (continued)

35.2 Other equity instruments

(1) Perpetual bonds outstanding as at the end of the year

Outstanding financial instruments	Issue date	Classification	Initial interest rate	Issue price (RMB Yuan per unit)	Units (million)	Currency	Amount (RMB million)	Maturity date	Redemption/ impairment
Undated additional tier 1 capital bonds	March 16, 2020	Equity instrument	3.69%	100	800	RMB	80,000	No maturity date	No
Undated additional tier 1 capital bonds	March 19, 2021	Equity instrument	4.42%	100	300	RMB	30,000	No maturity date	No
Undated additional tier 1 capital bonds	January 14, 2022	Equity instrument	3.46%	100	300	RMB	30,000	No maturity date	No
Undated additional tier 1 capital bonds	October 13, 2023	Equity instrument	3.42%	100	300	RMB	30,000	No maturity date	No
Undated additional tier 1 capital bonds	March 14, 2024	Equity instrument	2.73%	100	300	RMB	30,000	No maturity date	No
							200,000		

The carrying amount of perpetual bonds issued by the Bank, net of related issuance fees, was RMB199,986 million as at December 31, 2024 (December 31, 2023: RMB169,986 million).

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35 Share capital and other equity instruments (continued)

35.2 Other equity instruments (continued)

(1) Perpetual bonds outstanding as at the end of the year (continued)

The key terms are set out below:

(a) Conditional redemption rights

From the fifth anniversary since the issuance of the undated additional tier 1 capital bonds (the "Bonds"), the Bank may redeem full or part of the Bonds on each distribution payment date (including the fifth distribution payment date since the issuance). After the issuance, if the event that the Bonds no longer qualify as additional tier 1 capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the full but not part of the Bonds.

The exercise of the Bank's redemption right shall be subject to the consent of the NFRA and the satisfaction of the following preconditions: (1) the Bank shall use capital instruments of the same or better quality to replace the instruments to be redeemed, and such replacement shall only be carried out at conditions which are sustainable for the income capacity; (2) or the capital position of the Bank after the redemption right is exercised will remain well above the regulatory capital requirements of the NFRA.

(b) Subordination

The claims in respect of the Bonds will be subordinated to the claims of depositors, general creditors, and subordinated indebtedness that ranks senior to the Bonds; will rank in priority to all classes of shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds. If subsequent amendments to the PRC Enterprise Bankruptcy Law or relevant regulations are applicable to the subordination, such relevant laws and regulations shall prevail.

(c) Write-down/write-off clauses

Upon the occurrence of a non-viability trigger event, the Bank has the right to write down/write off in full or in part, without the need for consent from the holders of the Bonds, the principal amount of the Bonds. The amount of the write-down/write-off shall be determined by the ratio of the outstanding principal amount of the Bonds to the aggregate principal amount of all additional tier 1 capital instruments with the identical trigger event. A non-viability trigger event refers to the earlier of the following events: (1) the NFRA having decided that the Bank would become non-viable without a write-down/write-off; (2) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. The write-down/write-off will not be restored.

The trigger event occurrence date refers to the date on which the NFRA or the relevant authority has decided a trigger event occurs, and has informed the Bank together with a public announcement of such trigger event.

Within two business days after the occurrence of the trigger event, the Bank shall make a public announcement and give notice to the holders of the Bonds on the amount, the calculation method thereof, together with the implementation date and procedures, of such write-down/write-off.

35 Share capital and other equity instruments (continued)

35.2 Other equity instruments (continued)

(1) Perpetual bonds outstanding as at the end of the year (continued)

The key terms are set out below: (continued)

(d) Distribution rate

The distribution rate of the Bonds will be adjusted at defined intervals, with a distribution rate adjustment period every 5 years since the payment settlement date. In any distribution rate adjusted period, the distribution payments on the Bonds will be made at a prescribed fixed distribution rate. The distribution rate at the time of issuance will be determined by bookkeeping and centralized allocation. The distribution rate is determined by a benchmark rate plus a fixed spread.

(e) Distribution payment

The Bank shall have the right to cancel, in full or in part, distributions on the Bonds and any such cancellation shall not constitute an event of default. When exercising such right, the Bank will take into full consideration the interest of the holders of the Bonds. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the Bonds regardless in full or in part, will not impose any restrictions on the Bank, except in relation to dividend distributions on ordinary shares. Any cancellation of distributions on the Bonds regardless in full or in part, will require the deliberation by and approval from the general shareholders meeting. The Bank shall give notice to the investors on such cancellation in a timely manner.

In the event a distribution cancellation of the Bonds, regardless in full or in part, the Bank shall not make any distribution to the ordinary shareholders from the next date following the resolution being approved in the general shareholders meeting, until its decision to resume the distribution payments in full to the holders of the Bonds. The dividend stopper on ordinary shares will not compromise the Bank's discretion to cancel distributions, and will not impede the Bank from replenishing its capital.

Distributions on the Bonds shall only be paid out of distributable items, and will not be affected by the rating of the Bank, nor reset based on any change to such rating. The distributions on the Bonds are non-cumulative, namely, upon cancellation, any amount of distribution unpaid to the holders of the Bonds in the applicable period will not accumulate or compound to the subsequent distribution period thereafter. The Bonds do not have any step-up mechanism or any other incentive to redeem.

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35 Share capital and other equity instruments (continued)

35.2 Other equity instruments (continued)

(2) Changes in outstanding perpetual bonds

Outstanding financial instruments	January 1, 2024		Increase in current year		December 31, 2024	
	Units of the Bonds (million)	Carrying amount (RMB million)	Units of the Bonds (million)	Carrying amount (RMB million)	Units of the Bonds (million)	Carrying amount (RMB million)
Undated additional tier 1 capital bonds	**1,700**	**170,000**	**300**	**30,000**	**2,000**	**200,000**

Outstanding financial instruments	January 1, 2023		Increase in current year		December 31, 2023	
	Units of the Bonds (million)	Carrying amount (RMB million)	Units of the Bonds (million)	Carrying amount (RMB million)	Units of the Bonds (million)	Carrying amount (RMB million)
Undated additional tier 1 capital bonds	1,400	140,000	300	30,000	1,700	170,000

(3) Equity attributable to the holders of equity instruments

Items	As at December 31, 2024	As at December 31, 2023
1. Total equity attributable to equity holders of the Bank	**1,029,669**	954,873
(1) Equity attributable to ordinary shareholders of the Bank	**829,683**	784,887
(2) Equity attributable to other equity holders of the Bank	**199,986**	169,986
Including: Net profit	**6,342**	5,316
Dividends/interests distributed	**(6,342)**	(5,316)
2. Total equity attributable to non-controlling interests	**1,980**	1,743
(1) Equity attributable to non-controlling interests of ordinary shares	**1,980**	1,743
(2) Equity attributable to non-controlling interests of other equity instruments	**–**	–

(All amounts in millions of RMB unless otherwise stated)

36 Capital reserve

	As at December 31, 2024	As at December 31, 2023
Net asset revaluation appreciation from the Bank's joint stock restructuring	**3,448**	3,448
Share premium arising from strategic investors	**33,536**	33,536
Share premium arising from the Bank's initial public offering of H shares	**37,675**	37,675
Change of equity interest in a subsidiary	**(11)**	(11)
Share premium arising from the Bank's initial public offering of A shares	**26,258**	26,258
Share premium arising from the Bank's private offering of A shares (Note 35.1)	**62,783**	62,783
Other capital reserve	**(1,008)**	(1,007)
Total	**162,681**	162,682

37 Other reserves

37.1 Surplus reserve

	2024	2023
At the beginning of year	**67,010**	58,478
Appropriations in current year	**8,530**	8,532
At the end of year	**75,540**	67,010

In accordance with The Company Law of the People's Republic of China (中華人民共和國公司法), and the Bank's Articles of Association, the Bank shall appropriate 10% of its net profit under Accounting Standards for Business Enterprises and relevant requirements for the current year to the statutory surplus reserve, and can cease appropriation when the statutory surplus reserve accumulates to more than 50% of the registered capital of the Bank.

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37 Other reserves (continued)

37.2 General reserve

	2024	**2023**
At the beginning of year	**201,696**	178,784
Appropriations in current year	**18,191**	22,912
At the end of year	**219,887**	201,696

In accordance with the Administrative Measures for Provisioning of Financial Enterprises (金融企業準備金計提管理辦法) (Cai Jin [2012] No.20) issued by the MOF, the Bank shall appropriate general reserve from its net profit for the purpose to recover any unidentified potential losses. The balance of general reserve shall be no less than 1.5% of risk assets at the end of each year.

Pursuant to the relevant regulatory requirements in the mainland of China, the Bank's subsidiaries also appropriate a certain amount of net profit as general reserve.

37.3 Other comprehensive income

(1) Other comprehensive income attributable to equity holders of the Bank in the consolidated statement of financial position

	Remeasurement of retirement benefit obligations	Net gains/(losses) on investments in financial assets measured at FVTOCI	Share of other comprehensive income of associates, net of related income tax	Total
January 1, 2023	(286)	5,204	–	4,918
Movement during the year	(12)	126	2	116
December 31, 2023 and January 1, 2024	(298)	5,330	2	5,034
Movement during the year	**(63)**	**4,070**	**30**	**4,037**
December 31, 2024	**(361)**	**9,400**	**32**	**9,071**

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37 Other reserves (continued)

37.3 Other comprehensive income (continued)

(2) Other comprehensive income in the consolidated statement of profit or loss and other comprehensive income

	2024	2023
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement benefit obligations	**(63)**	(12)
Changes in fair value of equity instruments designated as at FVTOCI	**188**	(1,513)
Less: Income tax effect	**47**	(378)
Share of other comprehensive income of associates, net of related income tax	**30**	2
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of debt instruments measured at FVTOCI	**7,452**	1,828
Less: Amount transferred to profit or loss from other comprehensive income	**444**	(385)
Income tax effect	**1,752**	553
Credit losses of debt instruments measured at FVTOCI	**(74)**	1,243
Less: Amount transferred to profit or loss from other comprehensive income	**162**	1,546
Income tax effect	**(59)**	(76)
Net amount	**5,187**	288

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38 Dividends and interests distribution

Upon the approval obtained in the 2024 Second Interim Shareholder's Meeting, the Bank distributed RMB14,646 million (tax inclusive) of cash dividends for the period ended June 30, 2024 to all the ordinary shareholders whose names appeared on the register with RMB1.477 per ten shares (tax inclusive). The Bank distributed the A shares cash dividends on January 8, 2025 and the H shares cash dividends on January 24, 2025 respectively.

Upon the approval obtained in the 2023 Annual General Meeting, the Bank distributed RMB25,881 million (tax inclusive) of cash dividends for the year ended December 31, 2023 to all the ordinary shareholders whose names appeared on the register with RMB2.610 per ten shares (tax inclusive). The Bank distributed the A shares cash dividends on July 11, 2024 and the H shares cash dividends on August 8, 2024 respectively.

Upon the approval obtained in the 2022 Annual General Meeting, the Bank distributed RMB25,574 million (tax inclusive) of cash dividends for the year ended December 31, 2022 to all the ordinary shareholders whose names appeared on the register with RMB2.579 per ten shares (tax inclusive). The Bank distributed the A shares cash dividends on July 13, 2023 and the H shares cash dividends on August 10, 2023 respectively.

In January 2024, the Bank paid RMB1,038 million interests to holders of perpetual bonds issued in the year 2022, the interest rate of which equalled to 3.46%. In March 2024, the Bank paid RMB4,278 million interests to holders of perpetual bonds issued in the year 2020 and 2021, the interest rates of which equalled to 3.69% and 4.42%. In October 2024, the Bank paid RMB1,026 million interests to holders of perpetual bonds issued in the year 2023, the interest rate of which equalled to 3.42%. The interests were calculated by the initial interest rates before the first reset date which were determined in accordance with the terms and conditions of the perpetual bonds.

In January 2023, the Bank paid RMB1,038 million interests to holders of perpetual bonds issued in the year 2022, the interest rate of which equalled to 3.46%. In March 2023, the Bank paid RMB4,278 million interests to holders of perpetual bonds issued in the year 2020 and 2021, the interest rates of which equalled to 3.69% and 4.42%. The interests were calculated by the initial interest rates before the first reset date which were determined in accordance with the terms and conditions of the perpetual bonds.

(All amounts in millions of RMB unless otherwise stated)

39 Cash and cash equivalents

For the purpose of presentation of the consolidated cash flow statements, cash and cash equivalents include the following balances with an original maturity within 3 months:

	As at December 31, 2024	As at December 31, 2023
Cash	**46,478**	47,676
Surplus reserve with central bank	**52,264**	41,456
Deposits with banks and other financial institutions	**7,220**	8,551
Placements with banks and other financial institutions	**14,545**	530
Financial assets held under resale agreements	**213,188**	340,023
Short-term debt securities	**5,720**	14,991
Total	**339,415**	453,227

40 Relationship and transactions with related parties

40.1 Information of the parent company

	Place of registration	Nature of business
China Post Group	Beijing, PRC	Domestic and international mail delivery, distribution of publications such as newspapers and journals, stamp issuance, postal remittance, operation of postal savings business in accordance with laws and regulations, confidential correspondence, postal financial business, emerging business such as postal logistics and e-mail, e-commerce, agency business and other businesses as stipulated by the government.

China Post Group is managed and supervised by the MOF on behalf of the State Council.

As at December 31, 2024 and 2023, the registered capital of China Post Group were RMB137,600 million.

As at December 31, 2024, China Post Group directly held 62.78% of both the equity shares and voting rights in the Bank (As at December 31, 2023: 62.78%).

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40 Relationship and transactions with related parties (continued)

40.2 Information of major related parties

Name of enterprise	Relationship with the Bank
Shanghai International Port (Group) Co., Ltd.	Major shareholder of the Bank
China State Shipbuilding Corporation Limited	Major shareholder of the Bank
China Mobile Communications Group Co., Ltd.	Major shareholder of the Bank
China Postal Express & Logistics Co., Ltd.	Company under the common control of China Post Group
China Post Life Insurance Co., Ltd.	Company under the common control of China Post Group
China Post Securities Co., Ltd.	Company under the common control of China Post Group
Shanghai Ule Network Technology Co., Ltd.	Company under the common control of China Post Group
China Post Technology Co., Ltd.	Company under the common control of China Post Group
Ningxia China Post Logistics Co., Ltd.	Company under the common control of China Post Group
Jiangsu Post and Telecommunication Printing Co., Ltd.	Company under the common control of China Post Group
China Post & Capital Fund Management Co., Ltd.	An associate of China Post Group
CHINA SHIPBUILDING INDUSTRY EQUIPMENT & MATERIALS CO., LTD.	Related party arising from the major shareholder of the Bank
China UnionPay Co., Ltd.	Related party arising from connected persons of the Bank
Overseas Chinese Town Group Co., Ltd.	Related party arising from connected persons of the Bank

The Group's connected person include the Bank's directors, supervisors, senior executives and their direct relatives, as well as the Bank's controlling shareholders' directors, supervisors, senior executives and their direct relatives and other connected persons. The Group's other related parties include other related parties of China Post Group, other related parties of major shareholders of the Bank and other related parties arising from connected persons.

40 Relationship and transactions with related parties (continued)

40.3 Related party transactions

For transactions between the Group and related parties in accordance with general commercial terms during normal business operations, the pricing principle is the same as that of independent third party transactions. For transactions other than normal banking business between the Group and related parties, the pricing principle shall be determined by both parties through negotiation in accordance with general commercial terms.

40.3.1 Transactions with China Post Group, its subsidiaries, joint ventures and associates

(1) Agency banking services from China Post Group

In addition to conducting commercial banking services at its owned business locations, the Bank also engages China Post Group and its provincial branches as agents to provide certain commercial banking services at China Post Group's business locations where financial service licenses have been obtained. These commercial banking services mainly include: deposits taking; bank card (debit card) services, credit cards repayment processing services; electronic banking business, agency issuance, underwriting and redemption of government bonds; certification of personal deposits; agency sales of fund products and personal wealth management products, and other agency services.

In accordance with the Interim Administrative Measures for Institutional Agency of Postal Savings Bank of China Co., Ltd (中國郵政儲蓄銀行代理營業機構管理暫行辦法) issued by the former CBIRC, all agency operations were provided by China Post Group under bases of fees determined in accordance with the Framework Agreement on Entrusted and Agency Banking Services of Agency Outlets (代理營業機構委託代理銀行業務框架協定, the "Framework Agreement") entered into between the Bank and China Post Group and its provincial branches.

For RMB deposit-taking services, the basis is computed based on the principle of "Fixed Rate, Scaled Fees Based on Deposit Types (固定費率、分檔計費)", i.e. different deposit agency fee rates are applicable to savings deposits with different maturities. The formula of calculating the scaled fees is as follows:

Monthly deposit agency fee costs at the relevant branch =Σ(aggregate amount of deposit for each type of deposit at the branch for the month multiplied by the number of days of deposit × the respective deposit agency fee rate of the relevant type of deposit/365) - aggregate cash (including that in transit) multiplied by the number of days at the relevant branch for the month× 1.5%/365.

The Bank pays deposit agency fee for agency RMB savings deposits received, net of cash reserves held by agency outlets and deposits in transit. The agency fee rates range from 0.00% to 2.33% since November 1, 2022. The agency fee rates range from 0.000% to 1.992% since July 1, 2024.

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40 Relationship and transactions with related parties (continued)

40.3 Related party transactions (continued)

40.3.1 Transactions with China Post Group, its subsidiaries, joint ventures and associates (continued)

(1) Agency banking services from China Post Group (continued)

To effectively manage the interest expenses and maintain a stable growth in deposit scale, the Bank has established relevant mechanisms to boost the deposit-taking, including the arrangements of cost sharing for floating interest rates of deposits as well as incentives for deposit-taking. The Bank and China Post Group have agreed that the amount of deposit incentive shall not be higher than the payment by China Post Group under the cost sharing mechanism for floating interest rates of deposits in any circumstances.

The agency foreign currency deposit-taking business is insignificant, as such the Bank and China Post Group apply market rates such as the composite interest rate of the China Interbank Foreign Currency Market to determine the agency fee.

For intermediary business services performed by agency outlets such as settlement and sales services, the agency fees are determined based on the income from agency services net of all direct taxes and expenses.

		2024	2023
Deposit agency fee and others	(i)	**117,814**	114,924
Fees for agency sales and other commissions	(ii)	**6,426**	12,873
Fees for agency savings settlement		**6,085**	6,760
Total		**130,325**	134,557

(i) For the year ended December 31, 2024, deposit agency fee (including RMB and foreign currency deposit-taking business) cost amounted to RMB120.13 billion (2023: RMB115.64 billion). The offsetting settlement amount of the Bank's relevant mechanisms to boost deposit-taking was RMB-2.32 billion (2023: RMB-0.72 billion). According to the netting arrangement between the Bank and China Post Group, deposit agency fee and other are settled and disclosed on a net basis.

(ii) Fees for agency sales and other commissions include agency income generated from sales of insurance products of China Post Life Insurance Co., Ltd. by agency outlets. The Bank firstly recognizes relevant fee and commission income (Note 6) in the consolidated statement of profit or loss and other comprehensive income, and the same amount of the fee and commission will be payable by the Bank to China Post Group following the principle of "fee payable to the entity providing the service (誰辦理誰受益)". The remaining agency income generated from sales for other insurance companies are settled with the Bank or directly with China Post Group according to the contract.

(All amounts in millions of RMB unless otherwise stated)

40 Relationship and transactions with related parties (continued)

40.3 Related party transactions (continued)

40.3.1 Transactions with China Post Group, its subsidiaries, joint ventures and associates (continued)

(2) Operating lease with China Post Group and its related parties

(a) Lease buildings, ancillary equipment and other properties

As lessor	2024	2023
Buildings and other	**48**	68

As lessee	2024	2023
Buildings and other	**909**	892

(b) Right-of-use assets and lease liabilities recognized by accepting leases provided by China Post Group and its subsidiaries

	As at December 31, 2024	As at December 31, 2023
Right-of-use assets	**653**	819
Lease liabilities	**619**	760

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(All amounts in millions of RMB unless otherwise stated)

40 Relationship and transactions with related parties (continued)

40.3 Related party transactions (continued)

40.3.1 Transactions with China Post Group, its subsidiaries, joint ventures and associates (continued)

(3) Other comprehensive services and transactions with China Post Group and its related parties

(a) Revenue from rendering other comprehensive services to China Post Group and its related parties

		2024	2023
Agency sales of insurance products	(i)	**760**	2,711
Comprehensive services rendered	(ii)	**175**	110
General office materials sold		**35**	76
Agency sales of precious metals		**8**	10
Total		**978**	2,907

(i) Agency sales of insurance products are income generated from agency service for China Post Life Insurance Co., Ltd. by directly-operated outlets of the Bank.

(ii) Comprehensive services rendered to China Post Group and its related parties include custody business, cash escort, equipment maintenance and other services.

(b) Expenditure from receiving other comprehensive services from China Post Group and its related parties

		2024	2023
Comprehensive services received	(i)	**1,164**	1,168
Marketing services received		**1,228**	1,031
Goods purchased		**1,346**	547
Philatelic items purchased and mailing services received		**132**	132
Payment of precious metals		**109**	166
Total		**3,979**	3,044

(i) Comprehensive services received from China Post Group and its related parties include cash escort, equipment maintenance, advertisement, mailing and other services.

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(All amounts in millions of RMB unless otherwise stated)

40 Relationship and transactions with related parties (continued)

40.3 Related party transactions (continued)

40.3.1 Transactions with China Post Group, its subsidiaries, joint ventures and associates (continued)

(4) Other transactions with China Post Group and its related parties

Balances		As at December 31, 2024	As at December 31, 2023
Assets			
Loans and advances to customers	(i)	**132**	801
Financial assets measured at FVTPL		**3,005**	–
Financial assets measured at FVTOCI-debt instruments	(ii)	**92**	93
Financial assets measured at amortized cost	(ii)	**1,041**	201
Other assets		**241**	162
Liabilities			
Deposits from banks and other financial institutions	(i)	**606**	1,986
Customer deposits	(iii)	**13,884**	10,514
Other liabilities (Note 34)		**2,001**	2,077

Transactions		2024	2023
Interest income		**13**	44
Interest expense		**529**	195
Fee and commission income		**90**	79
Fee and commission expense		**13**	11
Net gains on investment securities	(iv)	**714**	–

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40 Relationship and transactions with related parties (continued)

40.3 Related party transactions (continued)

40.3.1 Transactions with China Post Group, its subsidiaries, joint ventures and associates (continued)

(4) Other transactions with China Post Group and its related parties (continued)

(i) As at December 31, 2024, loans and advances to customers were mainly with companies under the common control of China Post Group, deposits from banks and other financial institutions were mainly with companies under the common control of China Post Group (December 31, 2023, loans and advances to customers and deposits from banks and other financial institutions were mainly with companies under the common control of China Post Group).

(ii) As at December 31, 2024, financial assets measured at amortized cost and debt instruments measured at FVTOCI were mainly with China Post Group and China Post Securities Co., Ltd. (December 31, 2023, financial assets measured at amortized cost were mainly with China Post Securities Co., Ltd., debt instruments measured at FVTOCI were mainly with China Post Securities Co., Ltd.).

(iii) As at December 31, 2024, RMB9,042 million of customer deposits were mainly with China Post Group (As at December 31, 2023: RMB4,514 million) while RMB4,842 million of customer deposits were mainly with associate and companies under the common control of China Post Group (As at December 31, 2023: RMB6,000 million). The interest rates of such customer deposits range from 0.05% to 4.5173% as at December 31, 2024 (As at December 31, 2023: 0.20% to 2.025%).

(iv) As of December 31, 2024, net gains on investment securities were the transfer income realized by the Bank's transfer of part of the beneficial interest of the trusts and the beneficial interest of the asset management plan to China Post Capital Management Co., Ltd. in 2024. In 2024, the Bank transferred the trust beneficial interest of the fund share income right or the asset management plan beneficial interest of the share income right of nine underlying industrial funds and one industrial fund management company to China Post Capital Management Co., Ltd., a wholly-owned subsidiary of China Post Group, for the consideration of the assessment result by an independent valuer of RMB51,423 million recorded by the MOF. As of December 31, 2024, the transfer transaction has been completed.

(All amounts in millions of RMB unless otherwise stated)

40 Relationship and transactions with related parties (continued)

40.3 Related party transactions (continued)

40.3.2 Transactions with major shareholders of the Bank and their related parties

Balances	As at December 31, 2024	As at December 31, 2023
Assets		
Loans and advances to customers	**330**	1,262
Other assets	**5**	2
Liabilities		
Customer deposits	**3,313**	3,086
Deposits from banks and other financial institutions	**2**	–
Other liabilities	**71**	48

Transactions	2024	2023
Interest income	**16**	46
Interest expense	**70**	63
Fee and commission income	**140**	8
Fee and commission expense	**141**	35
Net other operating gains	**1**	–
Net gains on investment securities	**6**	–
Operating expenses	**696**	548

As at December 31, 2024, loans and advances to customers were mainly with China Shipbuilding Industry Equipment & Materials Group (Guangzhou) Co., Ltd.. As at December 31, 2023, loans and advances to customers were mainly with Mulei Tongyuan Hongshen New Energy Development Co., Ltd., Xianghuangqi Shengshi Xinyuan Wind Power Co., Ltd. and Yichang Zhongnan Precision Steel Tube Co., Ltd..

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40 Relationship and transactions with related parties (continued)

40.3 Related party transactions (continued)

40.3.3 Transactions with related parties arising from the connected persons of the Bank

Balances		As at December 31, 2024	As at December 31, 2023
Assets			
Loans and advances to customers	(1)	**3,852**	4,555
Financial assets measured at amortized cost	(1)	**1,026**	499
Financial assets measured at fair value through other comprehensive income-equity instruments	(2)	**570**	530
Other assets		**23**	27
Liabilities			
Customer deposits	(3)	**6,093**	4,975
Other liabilities		**8**	8

Transactions		2024	2023
Interest income		**120**	161
Interest expense		**160**	130
Fee and commission income	(4)	**3,531**	4,701
Fee and commission expense	(4)	**1,135**	1,279
Operating expenses		**85**	143

(1) As at December 31, 2024 and 2023, loans and advances to customers and financial assets measured at amortized cost are mainly the balance of transactions with Overseas Chinese Town Group Co. Ltd.

(2) As at December 31, 2024 and 2023, financial assets measured at fair value through other comprehensive income-equity instruments were mainly with China UnionPay Co., Ltd.

(3) As at December 31, 2024 and 2023, customer deposits were mainly with China UnionPay Co., Ltd.

(4) The net fee and commission income was mainly arising from the settlement and clearing with China UnionPay Co., Ltd. both during the year ended December 31, 2024 and 2023.

(All amounts in millions of RMB unless otherwise stated)

40 Relationship and transactions with related parties (continued)

40.3 Related party transactions (continued)

40.3.4 Transactions with connected persons of the Bank

Balances	As at December 31, 2024	As at December 31, 2023
Assets		
Loans and advances to customers	**67**	89
Liabilities		
Customer deposits	**225**	207

Transactions	2024	2023
Interest income	**1**	3
Interest expense	**2**	2

40.3.5 The Group and other government related entities

Other than related party transactions disclosed above and also in other relevant notes, a significant part of the Group's banking transactions are entered into with government authorities, agencies, subsidiaries and other entities under control of state. These transactions are entered into under normal commercial terms and conditions and mainly include provision of credit and guarantee, deposits, foreign exchange transactions, derivative product transactions, agency services, underwriting and distribution of bonds issued by government authorities, purchase, sales and redemption of securities issued by government authorities.

The Group considers that these transactions are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government authorities, agencies, subsidiaries and other entities under control of state.

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40 Relationship and transactions with related parties (continued)

40.4 Key management personnel compensation

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and senior executives.

	2024	2023
Key management personnel compensation	**8**	18

Part of the salary of key management personnel in 2024 will be paid after assessment; The salary of key management personnel in 2023 is the final salary after assessment.

41 Structured entities

41.1 Unconsolidated structured entities managed by the Group

Unconsolidated structured entities managed by the Group consist primarily of collective investment vehicles ("WMP vehicles") formed to issue and distribute wealth management products ("non-principal-guaranteed WMPs") which are not subject to any guarantee by the Group in respect of the principal invested or yield to be paid. The WMP vehicles invest in a range of fixed-yield assets, including money market instruments, debt securities and loan assets. As the manager of the WMPs, the Group invests, on behalf of its customers, the funds raised in the assets as described in the investment scheme related to each WMP and distributes the yield to investors based on product operation. The variable return earned by the Group under the non-principal-guaranteed WMPs is not significant, and therefore, these WMPs are not consolidated by the Group.

As at December 31, 2024 and 2023, the non-principal-guaranteed WMPs issued and managed by the Group amounted to RMB1,022,530 million and RMB776,499 million, respectively. The net fee and commission income from such activities was disclosed in Note 6.

As at December 31, 2024, the Group hold RMB1,029 million of non-principal-guaranteed WMPs issued and managed by the Group (December 31, 2023: RMB682 million).

As at December 31, 2024, the Group did not enter into any repurchase agreements with the non-principal-guaranteed wealth management products sponsored by the Group (December 31, 2023: nil).

(All amounts in millions of RMB unless otherwise stated)

41 Structured entities (continued)

41.2 Unconsolidated structured entities invested by the Group

The Group invests in unconsolidated structured entities issued and/or managed by other institutions, and records interest income, net trading gains and net gains on investment securities therefrom. These structured entities mainly comprise fund investments, trust investment plans, asset management plans, asset-backed securities and other debt instruments, etc. The nature and purpose of the structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors.

As at December 31, 2024 and 2023, the Group's maximum exposure to these unconsolidated structured entities was summarized in the table below:

	As at December 31, 2024		
	Financial assets measured at FVTPL	Financial assets measured at amortized cost	Total
Fund investments	**762,525**	**–**	**762,525**
Trust investment plans and asset management plans	**45**	**12,788**	**12,833**
Asset-backed securities	**3,149**	**96,835**	**99,984**
Total	**765,719**	**109,623**	**875,342**

	As at December 31, 2023		
	Financial assets measured at PVTPL	Financial assets measured at amortized cost	Total
Fund investments	621,550	–	621,550
Trust investment plans and asset management plans	51,164	19,634	70,798
Asset-backed securities	817	113,943	114,760
Total	673,531	133,577	807,108

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41 Structured entities (continued)

41.2 Unconsolidated structured entities invested by the Group (continued)

No open market information was readily available for the overall scale of those unconsolidated structured entities mentioned above.

For the year ended December 31, 2024 and 2023, the income from these unconsolidated structured entities earned by the Group was as follows:

	2024	2023
Interest income	**3,679**	5,813
Net gains on investment securities	**25,691**	21,000
Net trading gains	**2**	2
Net gains/(losses) on derecognition of financial assets measured at amortized cost	**27**	(30)
Total	**29,399**	26,785

41.3 Consolidated structured entities held by the Group

Structured entities consolidated by the Group include certain asset management plans, issued, managed and/or invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has right to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

42 Contingent liabilities and commitments

42.1 Capital commitments

	As at December 31, 2024	As at December 31, 2023
Contracts signed but not executed	**4,706**	7,299

The Group's capital commitments are contracts signed but not executed, which mainly include purchase of property and equipment, and decoration projects.

(All amounts in millions of RMB unless otherwise stated)

42 Contingent liabilities and commitments (continued)

42.2 Collateral

Assets pledged as collaterals

Certain assets held by the Group were pledged as collaterals under repurchase agreements. Such transactions were conducted in accordance with normal business terms and conditions.

	As at December 31, 2024	As at December 31, 2023
Debt securities	**110,006**	251,942
Bills	**17,395**	28,583
Total	**127,401**	280,525

In addition, due to other business needs, some of the debt securities held by the Group were pledged as collaterals. As at December 31, 2024, the carrying amount of debt securities pledged as collaterals amounted to RMB1,209.51 million (December 31, 2023: RMB155,784 million).

Collaterals received

Collaterals under loans and advances to customers mainly include land use rights and buildings. The Group has not resold or re-pledged these collaterals which the owners of the pledged properties have not breached the contracts. As at December 31, 2024, the Group's exposure to credit-impaired loans and advances to customers covered by corresponding collateral was RMB41,139 million (December 31, 2023: RMB33,401 million).

Collaterals under certain deposits with banks mainly include bonds issued by Chinese government or policy banks. The Group has not resold or re-pledged these collaterals which the owners of the pledged properties have not breached the contracts.

Financial assets held under resale agreements are mainly collateralized by debt securities and bills. As part of certain resale agreements, the Group obtains debt securities or bills from counterparts which could be resold or re-pledged as collaterals during the business operation of financial assets held under resale agreements from banks. As at December 31, 2024 and 2023, the Group did not obtain debt securities as collaterals from counterparts under the business. As at December 31, 2024, the principal amount of the bills accepted by the Group that can be resold or re-pledged was RMB28,354 million (December 31, 2023: RMB36,867 million).

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42 Contingent liabilities and commitments (continued)

42.3 Redemption commitment for government bonds

The Group is entrusted by the MOF to underwrite certain treasury bonds. The investors of the treasury bonds have the right to redeem the bonds at any time prior to maturity and the Group is committed to honor such redemption requests. The MOF will not provide funding for the early redemption of these bonds on a back-to-back basis, but will settle the principal and interest upon maturity or regular settlement. The redemption price is the face value of the treasury bonds underwritten and sold plus unpaid interest in accordance with the terms of the early redemption arrangement.

As at December 31, 2024, the nominal value of treasury bonds the Group was obligated to redeem was RMB141,703 million (December 31, 2023: RMB136,102 million). The original maturities of these bonds range from 1 to 5 years. Management of the Group expects the amount of redemption before the maturity dates of these bonds will not be material.

42.4 Lawsuits and claims

The Group was involved in a number of lawsuits and claims during its normal course of business. As at December 31, 2024, provisions of RMB3,119 million were made by the Group (December 31, 2023: RMB4,163 million) based on court judgments or advice of legal counsel, and included in Note 34(2) Provisions. Management of the Group believes that the final result of these lawsuits and claims will not have a material impact on the financial position or operations of the Group.

42.5 Credit risk-weighted amounts for credit commitments

	As at December 31, 2024	As at December 31, 2023
Credit commitments	**285,926**	239,399

The credit risk-weighted amounts for credit commitments are based on positions of the counterparties and maturity characteristics of each type of contract, etc.

(All amounts in millions of RMB unless otherwise stated)

42 Contingent liabilities and commitments (continued)

42.6 Credit commitments

	As at December 31, 2024	As at December 31, 2023
Loan commitments		
– With an original maturity of less than 1 year	**–**	3,830
– With an original maturity of 1 year or above	**27,543**	50,837
Subtotal	**27,543**	54,667
Bank acceptances	**186,026**	161,994
Guarantees and letters of guarantee	**123,816**	90,880
Letters of credit	**127,969**	95,177
Unused credit card commitments	**490,968**	460,229
Total	**956,322**	862,947

Credit commitments of the Group mainly include unused limits for credit cards issued to customers and general credit facilities. These general credit facilities may be drawn in the form of loans or through the issuance of letters of credit, guarantees and letters of guarantee or bank acceptances.

As at December 31, 2024 and 2023, the credit risk exposure of the credit commitments was mainly in Stage 1.

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43 Transfers of financial assets

The Group enters into transactions during the normal course of business by which it transfers recognized financial assets to third parties or to special purpose trusts. In some cases these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize the transferred assets.

43.1 Outright repurchase agreements

The Group has entered into the following repurchase agreements, and the recourse rights of the counterparties are not limited to the transferred assets. The Group does not derecognize financial assets transferred as collateral in connection with repurchase agreements.

	As at December 31, 2024	As at December 31, 2023
Carrying amount of the collateral	**82,382**	10
Financial assets sold under repurchase agreements	**(77,229)**	(10)

43.2 Securities lending transactions

Counterparties are allowed to sell or repledge securities lent under securities lending agreements in the absence of any default by the Group, but at the same time, they have an obligation to return such securities upon the maturity of the securities lending agreements. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at December 31, 2024, the carrying amount of debt securities lent to counterparties was RMB64,109 million (December 31, 2023: RMB40,685 million).

43 Transfers of financial assets (continued)

43.3 Credit assets securitization transactions

The Group enters into securitization transactions during the normal course of business by which it transfers credit assets to special purpose trusts which in turn issues asset-backed securities to investors. The Group may acquire some asset-backed securities and fund shares at the senior and subordinated tranche level. Accordingly, the Group may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognize the associated credit assets by evaluating the extent to which it transfers the risks and rewards of the assets.

With respect to the credit assets that are securitized and qualified for derecognition, the Group derecognizes the transferred credit assets in their entirety. For the year ended December 31, 2024, the face value at the date of transfer of the original credit assets was RMB16,992 million (2023: RMB12,304 million). As the Bank substantially transferred all the risks and rewards of these credit assets, the full amount of such securitized credit assets were derecognized.

In the cases that the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and for which the Group retains control, the Group recognizes an asset in the consolidated statement of financial position to the extent of the Group's continuing involvement in the transferred assets. The extent of the Group's continuing involvement is the extent of the risks and rewards exposed by the Group to the value changes of the transferred assets. For the year ended December 31, 2024, there were no new securitised credit assets in which the Group retained the continuing involvement (2023: nil). The carrying amount of the continuing involvement assets and the corresponding continuing involvement liabilities, which were recognized in other assets and other liabilities in the consolidated statement of financial position, were both RMB4,450 million as at December 31, 2024 (December 31, 2023: RMB4,450 million). The Group acts as a credit service provider of the special purpose trusts, manages the credit assets transferred to the special purpose trusts, and collects the corresponding fee as the loan asset manager. For the year ended December 31, 2024 and 2023, the Group did not provide any financial support to these special purpose trusts.

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44 Segment analysis

44.1 Operating segment

The Group manages the business from both a business and geographic perspective. From the business perspective, the Group provides services through four main operating segments listed below:

Personal banking

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include savings deposit-taking, personal loans, credit cards and debit cards, payments and settlements, wealth management products and funds, insurance agency services, etc.

Corporate banking

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include current account settlement, deposits, overdrafts, loans, trade related products and other credit facilities, foreign currency, and wealth management products, etc.

Treasury

This segment covers businesses including deposits and placements with banks and other financial institutions, interbank borrowings and lendings, repurchase and resale transactions, various debt instrument investments and equity instrument investment, etc. The issuance of bond securities also falls into this segment.

Others

This segment includes items that are not attributed to the above segments or cannot be allocated on a reasonable basis.

The management of the Group monitors operating results of each segment for the purposes of resource allocation and assessment of segment performance. The accounting policies of the operating segments are the same as the Group's accounting policies when preparing segment financial information.

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44 Segment analysis (continued)

44.1 Operating segment (continued)

	Year ended December 31, 2024				
	Personal banking	Corporate banking	Treasury	Others	Total
Interest income from external customers	202,921	127,842	177,480	–	508,243
Interest expense to external customers	(189,192)	(21,025)	(11,903)	–	(222,120)
Intersegment net interest income/(expense)	213,133	(45,544)	(167,589)	–	–
Net interest income/(expense)	226,862	61,273	(2,012)	–	286,123
Net fee and commission income	15,095	6,927	3,260	–	25,282
Net trading gains	–	–	4,185	–	4,185
Net gains on investment securities	–	417	29,142	–	29,559
Net gains on derecognition of financial assets measured at amortized cost	–	–	3,058	–	3,058
Net other operating gains/(losses)	762	106	(486)	519	901
Share of results of associates	–	–	–	25	25
Operating expenses	(178,486)	(26,691)	(21,476)	557	(226,096)
Credit impairment losses	(30,935)	(2,093)	4,605	–	(28,423)
Impairment losses on other assets	(22)	–	–	–	(22)
Profit before income tax	33,276	39,939	20,276	1,101	94,592
Supplementary information					
Depreciation and amortization	9,020	2,157	209	–	11,386
Capital expenditures	29,842	7,221	325	–	37,388

	Year ended December 31, 2024				
	Personal banking	Corporate banking	Treasury	Others	Total
Segment assets	5,193,893	3,914,978	7,914,121	733	17,023,725
Deferred tax assets					61,185
Total assets					17,084,910
Segment liabilities	(13,719,363)	(1,682,280)	(651,391)	(170)	(16,053,204)
Deferred tax liabilities					(57)
Total liabilities					(16,053,261)
Supplementary information					
Credit commitments	490,968	465,354	–	–	956,322

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44 Segment analysis (continued)

44.1 Operating segment (continued)

	Year ended December 31, 2023				
	Personal banking	Corporate banking	Treasury	Others	Total
Interest income from external customers	209,885	118,426	170,016	–	498,327
Interest expense to external customers	(183,331)	(19,335)	(13,858)	–	(216,524)
Intersegment net interest income/(expense)	201,682	(45,049)	(156,633)	–	–
Net interest income/(expense)	228,236	54,042	(475)	–	281,803
Net fee and commission income	20,703	4,858	2,691	–	28,252
Net trading gains	–	–	4,460	–	4,460
Net gains on investment securities	–	775	23,944	–	24,719
Net gains on derecognition of financial assets measured at amortized cost	–	–	2,242	–	2,242
Net other operating gains/(losses)	958	133	(264)	591	1,418
Share of results of associates	–	–	–	18	18
Operating expenses	(177,456)	(26,419)	(20,847)	(420)	(225,142)
Credit impairment losses	(36,229)	9,554	508	–	(26,167)
Impairment losses on other assets	(4)	–	–	–	(4)
Profit before income tax	36,208	42,943	12,259	189	91,599
Supplementary information					
Depreciation and amortization	9,589	2,298	241	–	12,128
Capital expenditures	10,338	2,506	119	–	12,963

	Year ended December 31, 2023				
	Personal banking	Corporate banking	Treasury	Others	Total
Segment assets	4,867,224	3,479,166	7,317,060	673	15,664,123
Deferred tax assets					62,508
Total assets					15,726,631
Segment liabilities	(12,579,408)	(1,479,808)	(710,795)	–	(14,770,011)
Deferred tax liabilities					(4)
Total liabilities					(14,770,015)
Supplementary information					
Credit commitments	460,229	402,718	–	–	862,947

44 Segment analysis (continued)

44.2 Geographical segment

Geographical segments, as defined for management reporting purposes, are as follows:

- Head Office
- "Yangtze River Delta": Shanghai Municipality, Jiangsu Province, Zhejiang Province and Ningbo;
- "Pearl River Delta": Guangdong Province, Shenzhen, Fujian Province and Xiamen;
- "Bohai Rim": Beijing Municipality, Tianjin Municipality, Hebei Province, Shandong Province and Qingdao;
- "Central China" region: Shanxi Province, Henan Province, Hubei Province, Hunan Province, Anhui Province, Jiangxi Province and Hainan Province;
- "Western China" region: Inner Mongolia Autonomous Region, Guangxi Zhuang Autonomous Region, Chongqing Municipality, Sichuan Province, Guizhou Province, Yunnan Province, Xizang Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region and Xinjiang Autonomous Region;
- "Northeastern China" region: Liaoning Province, Heilongjiang Province, Jilin Province and Dalian.

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44 Segment analysis (continued)

44.2 Geographical segment (continued)

	Year ended December 31, 2024							
	Head office	Yangtze river delta	Pearl river delta	Bohai rim	Central China	Western China	Northeastern China	Total
Interest income from external customers	190,753	66,243	48,056	47,554	80,329	59,147	16,161	508,243
Interest expense to external customers	(8,053)	(38,103)	(18,544)	(34,938)	(65,713)	(42,214)	(14,555)	(222,120)
Intersegment net interest income/(expense)	(214,437)	24,459	11,364	35,358	75,423	48,340	19,493	–
Net interest income/(expense)	(31,737)	52,599	40,876	47,974	90,039	65,273	21,099	286,123
Net fee and commission income	316	4,371	4,178	5,299	5,561	4,382	1,175	25,282
Net trading gains	4,181	4	–	–	–	–	–	4,185
Net gains on investment securities	28,314	533	218	141	166	120	67	29,559
Net gains on derecognition of financial assets measured at amortized cost	340	585	580	334	606	509	104	3,058
Net other operating (losses)/gains	(661)	241	260	150	278	575	58	901
Share of results of associates	–	–	–	25	–	–	–	25
Operating expenses	(17,787)	(32,140)	(23,084)	(31,163)	(60,943)	(45,025)	(15,954)	(226,096)
Credit impairment losses	36,432	(10,762)	(14,781)	(7,499)	(16,327)	(11,939)	(3,547)	(28,423)
Impairment losses on other assets	–	–	–	(4)	(1)	(10)	(7)	(22)
Profit before income tax	19,398	15,431	8,247	15,257	19,379	13,885	2,995	94,592
Supplementary information								
Depreciation and amortization	2,411	1,565	1,174	1,643	1,995	1,960	638	11,386
Capital expenditures	8,814	5,813	2,332	9,286	5,673	4,161	1,309	37,388

(All amounts in millions of RMB unless otherwise stated)

44 Segment analysis (continued)

44.2 Geographical segment (continued)

	Year ended December 31, 2024								
	Head office	Yangtze river delta	Pearl river delta	Bohai rim	Central China	Western China	Northeastern China	Eliminations	Total
Segment assets	9,814,204	2,756,352	1,662,697	2,695,029	5,166,752	3,489,706	1,196,451	(9,757,466)	17,023,725
Deferred tax assets									61,185
Total assets									17,084,910
Segment liabilities	(8,909,665)	(2,738,938)	(1,652,206)	(2,669,556)	(5,152,567)	(3,478,572)	(1,194,498)	9,742,798	(16,053,204)
Deferred tax liabilities									(57)
Total liabilities									(16,053,261)
Supplementary information									
Credit commitments	490,968	104,770	75,977	124,546	78,071	69,928	12,062	–	956,322

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44 Segment analysis (continued)

44.2 Geographical segment (continued)

	Year ended December 31, 2023							
	Head office	Yangtze river delta	Pearl river delta	Bohai rim	Central China	Western China	Northeastern China	Total
Interest income from external customers	185,971	62,799	48,271	46,635	81,084	57,059	16,508	498,327
Interest expense to external customers	(11,031)	(36,358)	(17,398)	(32,322)	(63,556)	(41,770)	(14,089)	(216,524)
Intersegment net interest income/(expense)	(218,568)	26,724	11,650	35,196	75,932	50,094	18,972	–
Net interest income/(expense)	(43,628)	53,165	42,523	49,509	93,460	65,383	21,391	281,803
Net fee and commission income	(248)	4,459	4,747	5,538	7,008	5,078	1,670	28,252
Net trading gains	4,460	–	–	–	–	–	–	4,460
Net gains on investment securities	23,201	523	163	266	336	221	9	24,719
Net gains on derecognition of financial assets measured at amortized cost	717	197	206	184	409	376	153	2,242
Net other operating (losses)/gains	(334)	220	186	217	203	867	59	1,418
Share of results of associates	–	–	–	18	–	–	–	18
Operating expenses	(17,268)	(31,498)	(23,756)	(30,845)	(60,306)	(45,038)	(16,431)	(225,142)
Credit impairment losses	13,106	(7,116)	(10,083)	(4,146)	(9,286)	(6,921)	(1,721)	(26,167)
Impairment losses on other assets	–	–	–	(1)	–	–	(3)	(4)
Profit before income tax	(19,994)	19,950	13,986	20,740	31,824	19,966	5,127	91,599
Supplementary information								
Depreciation and amortization	3,352	1,522	1,127	1,585	1,924	1,990	628	12,128
Capital expenditures	5,509	1,039	805	1,281	2,367	1,482	480	12,963

(All amounts in millions of RMB unless otherwise stated)

44 Segment analysis (continued)

44.2 Geographical segment (continued)

	Year ended December 31, 2023								
	Head office	Yangtze river delta	Pearl river delta	Bohai rim	Central China	Western China	Northeastern China	Eliminations	Total
Segment assets	10,795,641	2,682,621	1,729,157	2,681,622	5,009,135	3,349,694	1,205,801	(11,789,548)	15,664,123
Deferred tax assets									62,508
Total assets									15,726,631
Segment liabilities	(10,074,161)	(2,652,248)	(1,705,944)	(2,642,116)	(4,966,790)	(3,321,081)	(1,198,664)	11,790,993	(14,770,011)
Deferred tax liabilities									(4)
Total liabilities									(14,770,015)
Supplementary information									
Credit commitments	460,229	96,828	63,695	103,792	62,528	63,445	12,430	–	862,947

45 Financial risk management

45.1 Overview

To ensure an appropriate level of risk-adjusted return and sufficient capital adequacy, the Group adheres to a prudent risk appetite, and sets management objectives appropriate to the strategic positioning of the Bank Group, the Bank and its subsidiaries for various major risks, and achieves a decent return through appropriate risk-taking with consideration of size, growth and quality of its businesses.

The Group is mainly exposed to credit risk, market risk, liquidity risk and operational risk. Market risk includes interest rate risk and exchange rate risk.

This section describes the Group's position with respect to the above risk exposures, and the Group's objectives, policies and procedures in managing those risk exposures, as well as the Group's capital management.

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45 Financial risk management (continued)

45.2 Framework of financial risk management

The Group's Board of Directors assumes the ultimate responsibilities for comprehensive risk management, which include establishing risk culture, formulating and approving risk management strategies, setting and approving risk appetites and ensuring the establishment of risk limits, reviewing and approving major risk management policies and procedures, monitoring comprehensive risk management implemented by the senior management, reviewing comprehensive risk management reports, reviewing and approving the aggregation of risk data and the risk reporting framework, ensuring adequate resource support, regularly hearing special reports, and fully understanding and grasping the progress of the aggregation of risk data and risk reporting work, examining and approving disclosure of comprehensive risks and various significant risks, appointing the Chief Risk Officer or other senior management personnel to lead the comprehensive risk management efforts, and other duties related to risk management.

The Group's Board of Supervisors assumes the supervisory responsibilities for comprehensive risk management, and is responsible for supervising the Board of Directors and the senior management in fulfilling their duties of risk management and urging them for any rectifications.

The Group's senior management assumes the responsibilities for implementation of comprehensive risk management and carrying out decisions of the Board of Directors, which includes setting up the operation and management structure in line with comprehensive risk management framework, clarifying division of responsibilities among functional departments, business departments and other departments under comprehensive risk management framework, establishing coordination mechanism with effective balance of power across departments, formulating clear implementation and accountability mechanism to ensure adequate communication and effective implementation of risk management strategies, risk appetites and risk limits, setting up risk limits according to risk appetite determined by the Board of Directors, including but not limited to levels such as industry, region, customer, and product. The Group's senior management is also responsible for formulating risk management policies and procedures, regular assessments, with adjustments when necessary, and establishing a risk data aggregation and reporting system covering all material risk areas, and assessing conditions of comprehensive risks and various important risk management with reports to the Board of Directors. In addition, it is the Group's senior management's responsibility to establish sound management information system and data quality control mechanism, and oversee violation of risk appetite, risk limits, and risk management policies and procedures, and deal with them under authorization of the Board of Directors, and assume other responsibilities from risk management perspective.

45.3 Credit risk

Credit risk refers to the risk of loss caused by the default or the deterioration of credit rating and repayment ability of the debtor or the counterparty.

The main sources of the Group's credit risk include: credit business, treasury business (including deposits and placements, resale agreement, debt securities issued by corporates and financial institutions, inter-bank investment, etc.), off-balance sheet credit business (including guarantee, commitment, etc.).

45 Financial risk management (continued)

45.3 Credit risk (continued)

The organizational structure of the Group on credit risk management is as follows: the Board of Directors takes the ultimate responsibilities for credit risk management, the Board of Supervisors takes the supervisory responsibilities for credit risk management, while the senior management undertaking the responsibilities for implementation of credit risk management, and for the implementation of resolutions approved by the Board of Directors on credit risk; the Risk Management Committee is responsible for credit risk management; and the Credit Business Approval Committee is responsible for approving credit lines within the scope of authorization; each business department shall bear the primary responsibility for credit risk mitigation, and implementation of policies, standards and procedures of credit risk management in its own field of business in accordance with the segregation of duties among different functions; departments of credit management, risk management, credit approval, internal control and compliance, legal affairs and others are responsible for the overall planning, supervision and review of credit risk management and mitigation, of which the Credit Management Department is the leading department of credit risk management, and the Internal Audit Department supervises each department's performance of duties in credit risk management independently and objectively.

(1) Loans and advances to customers, loan commitments and financial guarantees

The risk on loan portfolio refers to the risk of uncertain income or loan losses due to failure of a borrower to repay the principal and interest in full upon maturity of a loan. Given the loan portfolio is a major component of the Group's assets, risk on the loan portfolio is considered as a principal credit risk.

(2) Debt securities and other debt instruments

Credit risks on debt securities and other debt instruments arising from changes in credit spreads, default rates, loss ratios and credit quality of underlying assets.

The Group adopts a prudent approach in making debt security investments by focusing on low-risk debt securities, including government bonds and bonds issued by financial institutions. Other debt instruments are mainly trust investment plans and assets management plans.

The Group established a risk evaluation system on the issuers of corporate bonds and other debt instruments, and performs ongoing post-lending monitoring on a timely basis.

(3) Interbank financing business

The Group manages the credit quality by considering the size, financial position and the internal and external credit rating of those banks and financial institutions.

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45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.1 Expected credit loss measurement

The Group has applied ECL models to measure the impairment of debt instruments measured at amortized cost and at FVTOCI, as well as credit commitments.

Based on whether a significant increase in credit risk has occurred since initial recognition of a financial instrument or becoming credit impaired, the Group will classify credit risk exposures into three stages to calculate the ECL.

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition.

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition, measured by the changes of default risk over their expected life. These changes have been determined by comparing the default risk at the end of the reporting period and at the date of initial recognition.

Stage 3 includes financial instruments that are credit-impaired.

The Group could assess impairment allowance through either the ECL models or discounted cash flow method.

The Group has incorporated forward-looking information for measuring ECL and constructed complicated models involving substantial management judgements and assumptions, mainly including the following:

- Grouping of risks;
- Significant increase in credit risk;
- Definition of default and credit-impaired;
- Descriptions of parameters, assumptions and estimation techniques;
- Forward-looking information;
- Management overlay;
- The estimated future cash flows for loans and advances to customers as well as financial investments which applied discounted cash flow method.

45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.1 Expected credit loss measurement (continued)

(1) Grouping of risks

For measurement of ECL, the credit risk exposures will be segmented based on similar credit risk characteristics. In determination of the portfolio segmentation of credit assets, the Group considers the type of borrower, type of product, and industry, etc. The segmentation of portfolio is regularly monitored and reviewed to ensure the appropriateness and reliability of credit risk segmentation.

(2) Significant Increase in credit risk (SICR)

At the end of each reporting period, the Group evaluates whether a SICR of related financial instruments has occurred since initial recognition, which mainly includes: impacts of regulation and operating environment, changes in internal and external credit rating, insolvency, business performance, loan contractual terms, etc. Based on individual financial instrument or financial instrument portfolios with similar credit risk characteristics, the Group determines changes of the default risk by comparing the risk at the end of each reporting period with that at the date of initial recognition.

The Group has set up both quantitative and qualitative standards according to the different features of credit risk associated with the financial assets as well as the current status of risk management initiatives. In determining whether a significant increase in credit risk of financial assets has occurred, the Group mainly considers whether the internal credit rating has been downgraded by more than a certain scale and has reached a certain threshold since initial recognition, whether there has been an adverse change of risk classification, and whether principal or interest has been more than 30 days past due, etc.

(3) Definition of default and credit-impaired

The Group considers a financial instrument as in default or being credit-impaired when it meets one or more of the following criteria, including whether principal or interest has been more than 90 days past due, and whether the risk classification of the credit risk exposure has been downgraded below a certain category or the internal credit rating has been downgraded below a certain threshold, etc.

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45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.1 Expected credit loss measurement (continued)

(4) Description of parameters, assumptions, and estimation techniques

ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a SICR has occurred since initial recognition and whether an asset is considered being credit-impaired. ECL derived from the discounted value of the multiplication of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD).

Related definitions are as follows:

The PD represents the likelihood of a borrower breaching the contractual terms or defaulting on its financial obligation over a specific time, either the next 12 months, or the remaining lifetime of the obligation. The Group's PD has adopted the results of internal rating model, or for financial asset that does not use this model, historical analysis is adopted, where the historical default records are calculated by historical data of asset portfolios with similar credit risk characteristics, incorporating forward-looking information, to reflect the PD at a specific point in time under the current macroeconomic environment.

LGD refers to the ratio of the expected loss in the total amount of the loan portfolios, which is the extent of loss on a default. The Group's LGD is calculated by internal rating model. For financial asset that does not use this model, historical analysis is adopted, where the loss of default has been calculated over the next 12 months or over the remaining lifetime from the time of default. The assessment is on an individual basis by customer type, guarantee method, and historical non-performing loan collection experience, etc.

EAD refers to the total amount of on– and off-balance sheet exposures in the event of default.

The Group estimates PD, LGD and EAD of each portfolio in the future to calculate the ECL. The Group multiples the three and adjusts their expected life (such as default), and discount and aggregate the calculation result of each period to determine the ECL. The discount rate used in the ECL calculation is the effective rate or its approximate value.

The Group periodically monitors the related assumptions concerning the calculation of ECL and makes necessary updates and adjustments.

45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.1 Expected credit loss measurement (continued)

(5) Forward-looking information

The calculation of ECL incorporates forward-looking information. The Group performs historical analysis and has identified the key economic variables impacting credit risk and ECL for each portfolio, mainly including Gross Domestic Product ("GDP"), Consumer Price Index, Consumer Confidence Index, etc.

These economic variables and their associated impacts on PD and LGD vary by segmentation of portfolios. Expert judgement has also been applied in this process. Forecasts of these economic variables (the "basic economic scenario") are made by the Group regularly, and the relationship between these economic variables and PD and LGD is identified through performing statistical regression analysis with the purpose of understanding the impact that the historical changes of these variables that might have on PD and LGD.

The Group has adopted three economic scenarios (Base, Upside and Downside) and applied weightings for them respectively, on the basis of a combination of the macroeconomic information, statistical analysis and expert judgement. For the year ended 31 December 2024, the highest weighting is assigned to Base scenario, while weightings of Upside and Downside were not higher than 30% respectively.

As at December 31, 2024, the Group considers the macroeconomy by referring to the prediction of internal and external authoritative experts to determine the base scenario. Under the base scenario, the growth rate of GDP is predicted in the range of 4.5%-5.5%. Forecast 2025 GDP growth value under the upside and downside scenarios had been determined by moving up and down, by a certain degree, from the base scenario forecast.

The Group periodically reviews and monitors the appropriateness of the above assumptions, and makes necessary updates and adjustments.

Relatively substantial management judgements are involved in the weighting scheme of macroeconomic scenarios, macroeconomic forecasts, and significant increase in credit risk in ECL models. The variation of key inputs above will inevitably lead to changes in ECL as a result of model's inherent complexity. The Group has analyzed sensitivity of ECL model by considering the fluctuation of macroeconomic forecasts.

Assuming year-over-year growth in GDP, the core macroeconomic forecasting indicator, would increase or decrease by 10%, the absolute change rate of the balance of loss allowance as at December 31, 2024 would be no more than 5%.

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45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.1 Expected credit loss measurement (continued)

(6) Management Overlay

Taking into account inherent limitations of ECL models and temporary systematic risk factors, the Group has accrued additional loss allowance in response to potential risk and improved its risk compensation capability. The amount of management overlay adjustments was not material as compared to the total balance of loss allowance as at December 31, 2024.

(7) The estimated future cash flows for loans and advances to customers as well as financial investments which applied discounted cash flow method

At each measurement date, the Group projects the future cash inflows of each future period related to the financial assets. The cash flows are discounted and aggregated to determine the present value of the assets' future cash flows.

(8) Write-off policy

The Group writes off financial assets, in full or in part, when it has taken all necessary recovery efforts and is still not capable of reasonably expecting to recover partial or all the financial assets. The Group may write-off financial assets that are still subject to enforcement activities. The outstanding amounts of such assets written off during the year ended December 31, 2024 were RMB23,555 million (2023: RMB21,300 million).

(9) The modification of contractual cash flows

In order to minimize the credit loss, the Group may renegotiate the terms of the contract with borrowers that have deteriorated in financial position, or are unable to meet their original repayment schedule, which include concessions given by the Group that would not otherwise be granted to these borrowers for economic or legal reasons relating to their financial difficulties. Such contract modifications may include terms of loan, repayment schedule or interest rate. Based on the management's judgement of the borrowers' repayment possibility, the Group has formulated specific rescheduled loan policy and practice, and reviewed the policy continuously. Rescheduled loans should be reviewed with an observation period to reach the corresponding stage classification criteria, and the observation period should contain at least 2 consecutive repayment periods and not be less than 1 year. As at December 31, 2024, the amount of the rescheduled loans and advances to customers of the Group was RMB22,379 million (as at December 31, 2023: RMB11,335 million).

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.2 Credit risk limit control and mitigation policy

In accordance with risk policies and limits, the risk management and business departments of the Group enhanced risk management policies and procedures to optimize business processes and monitor the implementation of risk control indicators.

To mitigate risks, the Group requires customers to provide collateral or guarantees when appropriate. The Group has established guidelines for the acceptability of specific types of collateral, and set up a collateral management system to standardize the collateral operation process. At the same time, the value, structure and legal documents of the collateral are regularly reviewed by the Group to ensure its validity and conform to market practices.

45.3.3 Credit risk exposures

(1) Maximum credit risk exposures

The table below presents the Group's maximum credit risk exposures before considering any collaterals or other credit enhancements as at December 31, 2024 and 2023 respectively. For on-balance sheet assets, the maximum credit risk exposures are presented at their net carrying amounts on the consolidated statement of financial position.

	As at December 31, 2024	As at December 31, 2023
Deposits with central bank	**1,268,225**	1,289,825
Deposits with banks and other financial institutions	**262,476**	189,216
Placements with banks and other financial institutions	**348,017**	297,742
Derivative financial assets	**6,661**	2,154
Financial assets held under resale agreements	**229,842**	409,526
Loans and advances to customers	**8,684,144**	7,915,245
Financial investments		
Financial assets measured at FVTPL – debt instruments	**1,023,031**	886,613
Financial assets measured at FVTOCI – debt instruments	**668,812**	503,536
Financial assets measured at amortized cost	**4,306,513**	3,988,210
Other financial assets	**45,246**	24,486
Subtotal	**16,842,967**	15,506,553
Credit commitments	**956,322**	862,947
Total	**17,799,289**	16,369,500

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45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.4 Loans and advances to customers

(1) Loans and advances to customers by geographical region:

	As at December 31, 2024		As at December 31, 2023	
	Amount	Proportion	Amount	Proportion
Head Office	**344,895**	**4%**	363,568	4%
Central China	**2,168,479**	**24%**	1,997,777	25%
Yangtze River Delta	**1,840,445**	**21%**	1,693,237	21%
Western China	**1,579,873**	**18%**	1,384,281	17%
Bohai Rim	**1,422,923**	**16%**	1,237,696	15%
Pearl River Delta	**1,114,851**	**12%**	1,052,519	13%
Northeastern China	**441,736**	**5%**	419,815	5%
Total	**8,913,202**	**100%**	8,148,893	100%

(2) Loans and advances to customers by types:

	As at December 31, 2024		As at December 31, 2023	
	Amount	Proportion	Amount	Proportion
Personal loans and advances	**4,771,583**	**53%**	4,470,248	55%
Corporate loans and advances				
Including:				
Corporate loans	**3,649,163**	**41%**	3,214,471	39%
Discounted bills	**492,456**	**6%**	464,174	6%
Total	**8,913,202**	**100%**	8,148,893	100%

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.4 Loans and advances to customers (continued)

(3) Loans and advances to customers by industries:

	As at December 31, 2024		As at December 31, 2023	
	Amount	**Proportion**	**Amount**	**Proportion**
Personal loans and advances				
Consumer loans				
– Residential mortgage loans	**2,382,146**	**27%**	2,337,991	29%
– Other consumer loans	**613,853**	**6%**	520,750	6%
Personal small and micro loans	**1,537,363**	**17%**	1,392,227	17%
Credit overdrafts and others	**238,221**	**3%**	219,280	3%
Subtotal	**4,771,583**	**53%**	4,470,248	55%
Corporate loans and advances				
Transportation, storage and postal services	**830,416**	**10%**	859,031	11%
Manufacturing	**577,205**	**6%**	509,819	6%
Real estate	**308,590**	**4%**	253,086	3%
Production and supply of electricity, heating, gas and water	**287,913**	**3%**	274,330	3%
Wholesale and retail	**290,923**	**3%**	237,693	3%
Water conservancy, environmental and public facilities management	**303,444**	**3%**	185,950	2%
Financial services	**294,995**	**3%**	286,117	4%
Construction	**228,512**	**3%**	198,542	2%
Leasing and business services	**277,904**	**3%**	209,006	3%
Mining	**86,856**	**1%**	84,412	1%
Other industries	**162,405**	**2%**	116,485	1%
Subtotal	**3,649,163**	**41%**	3,214,471	39%
Discounted bills	**492,456**	**6%**	464,174	6%
Total	**8,913,202**	**100%**	8,148,893	100%

As at December 31, 2024, the balance of loans and advances to customers in relation to transportation, storage and postal services included loans to China State Railway Group Co., Ltd. of RMB99,269 million (December 31, 2023: RMB155,479 million).

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45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.4 Loans and advances to customers (continued)

(4) Loans and advances to customers by types of collateral:

	As at December 31, 2024		As at December 31, 2023	
	Amount	Proportion	Amount	Proportion
Unsecured loans	**2,548,632**	**29%**	2,330,678	28%
Guaranteed loans	**805,421**	**9%**	626,029	8%
Loans secured by mortgages	**4,188,326**	**47%**	3,923,631	48%
Loans secured by pledges	**878,367**	**10%**	804,381	10%
Discounted bills	**492,456**	**5%**	464,174	6%
Total	**8,913,202**	**100%**	8,148,893	100%

(5) Overdue loans and advances to customers

Overdue loans and advances to customers by security types and overdue status are as follows:

	As at December 31, 2024				
	Overdue for 1 to 90 days (including 90 days)	Overdue for 91 days to 1 year (including 1 year)	Overdue for 1 to 3 years (including 3 years)	Overdue for over 3 years	Total
Unsecured loans	**12,296**	**14,529**	**4,606**	**990**	**32,421**
Guaranteed loans	**2,153**	**3,181**	**1,756**	**656**	**7,746**
Loans secured by mortgages	**24,628**	**26,002**	**12,960**	**1,842**	**65,432**
Loans secured by pledges	**38**	**77**	**35**	**68**	**218**
Total	**39,115**	**43,789**	**19,357**	**3,556**	**105,817**

	As at December 31, 2023				
	Overdue for 1 to 90 days (including 90 days)	Overdue for 91 days to 1 year (including 1 year)	Overdue for 1 to 3 years (including 3 years)	Overdue for over 3 years	Total
Unsecured loans	8,637	10,607	5,683	400	25,327
Guaranteed loans	1,728	2,323	1,325	694	6,070
Loans secured by mortgages	15,516	15,400	9,690	1,854	42,460
Loans secured by pledges	24	31	122	104	281
Total	25,905	28,361	16,820	3,052	74,138

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.5 Debt instruments

(1) Credit quality of debt instruments

The table below represents the carrying amounts of financial assets at amortized cost and financial assets measured at FVTOCI – debt instruments:

	As at December 31, 2024			
	Stage 1 (i)	Stage 2	Stage 3	Total
Financial assets measured at FVTOCI – debt instruments	**668,812**	**–**	**–**	**668,812**
Financial assets measured at amortized cost	**4,305,138**	**1,375**	**–**	**4,306,513**
Total	**4,973,950**	**1,375**	**–**	**4,975,325**

	As at December 31, 2023			
	Stage 1 (i)	Stage 2	Stage 3	Total
Financial assets measured at FVTOCI – debt instruments	503,536	–	–	503,536
Financial assets measured at amortized cost	3,984,544	3,662	4	3,988,210
Total	4,488,080	3,662	4	4,491,746

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45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.5 Debt instruments (continued)

(1) Credit quality of debt instruments (continued)

(i) Debt instruments of stage 1

	As at December 31, 2024		
The types of debt instruments	Financial assets at FVTOCI	Financial assets at amortized cost	Total
Debt securities-by types of issuers:			
Government	308,090	1,704,448	2,012,538
Financial institutions	280,494	2,066,271	2,346,765
Corporates	79,322	134,371	213,693
Interbank certificates of deposits	906	293,645	294,551
Asset-backed securities	–	97,116	97,116
Other debt instruments	–	11,789	11,789
Debt financing plans	–	1,451	1,451
Gross amount	668,812	4,309,091	4,977,903
Less: Allowance for impairment loss	–	3,953	3,953
Carrying amount of debt instruments at stage 1	668,812	4,305,138	4,973,950

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.5 Debt instruments (continued)

(1) Credit quality of debt instruments (continued)

(i) Debt instruments of stage 1 (continued)

	As at December 31, 2023		
The types of debt instruments	Financial assets at FVTOCI	Financial assets at amortized cost	Total
Debt securities-by types of issuers:			
Government	190,648	1,471,521	1,662,169
Financial institutions	221,615	1,878,428	2,100,043
Corporates	91,273	152,808	244,081
Interbank certificates of deposits	–	347,320	347,320
Asset-backed securities	–	114,279	114,279
Other debt instruments	–	17,273	17,273
Debt financing plans	–	8,945	8,945
Gross amount	503,536	3,990,574	4,494,110
Less: Allowance for impairment loss	–	6,030	6,030
Carrying amount of debt instruments at stage 1	503,536	3,984,544	4,488,080

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(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.5 Debt instruments (continued)

(2) Debt instruments analyzed by credit rating

The Group adopts a credit rating approach to manage the credit risk of the debts instruments held. The ratings are based on the ratings from major rating agencies where the issuers of the debt instruments are located. The amounts of debts instruments analyzed by rating as at the end of the reporting period are as follows:

	As at December 31, 2024					
	Unrated	AAA	AA	A	Below A	Total
Government bonds	740,529	1,271,394	2,643	488	–	2,015,054
Bonds issued by financial institutions	2,049,028	325,951	1,458	11,056	11,253	2,398,746
Corporate bonds	103,834	111,339	1,579	12,571	2,795	232,118
Interbank certificates of deposits	415,243	5,083	–	–	–	420,326
Asset-backed securities	25,155	75,577	59	–	500	101,291
Debt financing plans	1,451	–	–	–	–	1,451
Fund investments	825,356	–	–	–	–	825,356
Trust investment plans and asset management plans	45	–	–	–	–	45
Wealth management products issued by financial institutions	1,029	–	–	–	–	1,029
Other debt instruments	24,823	–	–	–	–	24,823
Total	4,186,493	1,789,344	5,739	24,115	14,548	6,020,239

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.5 Debt instruments (continued)

(2) Debt instruments analyzed by credit rating (continued)

	As at December 31, 2023					
	Unrated	AAA	AA	A	Below A	Total
Government bonds	723,907	936,039	2,997	101	–	1,663,044
Bonds issued by financial institutions	1,904,554	215,143	1,510	13,552	13,849	2,148,608
Corporate bonds	104,462	149,494	867	14,565	4,003	273,391
Interbank certificates of deposits	485,122	1,691	–	–	–	486,813
Asset-backed securities	16,442	99,275	406	–	–	116,123
Debt financing plans	8,945	–	–	–	–	8,945
Fund investments	621,550	–	–	–	–	621,550
Trust investment plans and asset management plans	51,164	–	–	–	–	51,164
Wealth management products issued by financial institutions	682	–	–	–	–	682
Other debt instruments	33,965	–	–	–	–	33,965
Total	3,950,793	1,401,642	5,780	28,218	17,852	5,404,285

Unrated debt instruments held by the Group are bonds issued by the Chinese government, policy banks, China Development Bank, interbank certificates of deposits, fund investments and other debt instruments such as trust investment plans and asset management plans issued by financial institutions, the principal and income of which are mainly guaranteed by financial institutions or third party companies, or secured by bills and other financial assets as collateral.

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45 Financial risk management (continued)

45.3 Credit risk (continued)

45.3.6 Concentration of credit risk

The credit risk exposure of financial assets mainly concentrates in the mainland of China.

45.4 Market risk

Market risk refers to the risk of loss to the Group's on– and off-balance sheet business operations arising from unfavorable changes on market prices (including interest rates, exchange rates, stock prices and commodity prices). The Group is primarily exposed to interest rate risk and exchange rate risk.

The Group adopts a centralized approach during the market risk management process, including identification, measurement, monitoring and mitigation of the market risk. The Group has established basic policies and procedures for the management of market risk, separation of banking and trading books, and valuation of financial assets. The Group applies such policies and procedures to identify, measure, monitor and mitigate market risks on both banking book and trading book respectively.

The Group is also exposed to market risk on its derivative investments on behalf of customers that are hedged through back-to-back transactions with other financial institutions.

Measurement techniques and limit setting for market risks

Trading book

Market risk on the trading book mainly arises from losses in valuation of financial instruments in the trading book due to adverse changes of market interest rates and exchange rates.

The Group uses exposure analysis, profit or loss analysis, sensitivity analysis, scenario analysis, and stress test and other methods to manage the market risk of trading book and control the risk exposure within an acceptable range.

Banking book

The interest rate risk of the Group includes the risk of the adverse changes in the interest rate and term structure that may affect the economic value and overall operating income of the Group. It mainly includes the mismatch risk and the prime interest rate risk of assets and liabilities.

The Group measures the gap between assets and liabilities caused by repricing dates and maturity dates mismatch through monitoring the interest rate sensitivity gap using repricing gap analysis, and makes adjustments to refine the structure and bridge the interest rate risk gap by assessing potential changes of interest rates.

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.4 Market risk (continued)

Measurement techniques and limit setting for market risks (continued)

Sensitivity analysis on net interest income

The sensitivity analysis on net interest income is based on changes in interest rates with the assumption that all interest rates move by the same margin and the structure of financial assets and financial liabilities held at the period end remains unchanged, and does not take changes in customer behaviour, prime interest rates or any prepayment options on debt securities into consideration. On the assumption that the RMB yield and foreign currency yield move in parallel, the Group calculates changes of net interest income in the coming year.

The table below shows the potential impact on the Group's net interest income by an upward or a downward parallel shift of interest rates by 100 basis points. The actual circumstances may differ from the assumptions so that the impact on the net interest income as shown in the following analysis may be different from the actual outcome.

	(Decrease)/Increase in net interest income	
	As at December 31, 2024	**As at December 31, 2023**
Upward parallel shift of 100 bps for yield curves	**(27,367)**	(15,670)
Downward parallel shift of 100 bps for yield curves	**27,367**	15,670

Interest rate risk

The Group's interest rate exposures are as follows. The financial assets and financial liabilities at the end of the reporting period were stated at their carrying amounts based on the earlier of their repricing date or contractual maturity date.

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45 Financial risk management (continued)

45.4 Market risk (continued)

Interest rate risk (continued)

	As at December 31, 2024						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and deposits with central bank	1,260,371	–	–	–	–	54,332	1,314,703
Deposits with banks and other financial institutions	32,591	58,488	168,837	–	–	2,560	262,476
Placements with banks and other financial institutions	44,517	48,030	186,855	68,071	–	544	348,017
Derivative financial assets	–	–	–	–	–	6,661	6,661
Financial assets held under resale agreements	173,548	46,472	9,591	–	–	231	229,842
Loans and advances to customers	3,078,464	982,941	3,978,604	604,195	19,405	20,535	8,684,144
Financial assets measured at FVTPL	31,734	28,328	79,542	15,817	39,435	829,309	1,024,165
Financial assets measured at FVTOCI-debt instruments	19,306	42,786	146,976	306,259	146,001	7,484	668,812
Financial assets measured at FVTOCI-equity instruments	–	–	–	–	–	4,637	4,637
Financial assets measured at amortized cost	57,470	82,534	606,955	1,894,254	1,605,725	59,575	4,306,513
Other financial assets	–	–	–	–	–	45,246	45,246
Total financial assets	4,698,001	1,289,579	5,177,360	2,888,596	1,810,566	1,031,114	16,895,216
Borrowings from central bank	1,633	4,819	19,040	–	–	646	26,138
Deposits from banks and other financial institutions	135,209	–	300	20	–	70	135,599
Placements from banks and other financial institutions	8,297	11,671	26,815	–	–	516	47,299
Derivative financial liabilities	–	–	–	–	–	7,199	7,199
Financial assets sold under repurchase agreements	105,025	85,241	4,101	–	–	157	194,524
Customer deposits	5,540,590	3,031,515	5,269,001	1,272,914	–	173,521	15,287,541
Debt securities issued	–	44,289	61,612	13,495	119,992	2,592	241,980
Other financial liabilities	209	423	2,134	5,030	1,425	59,408	68,629
Total financial liabilities	5,790,963	3,177,958	5,383,003	1,291,459	121,417	244,109	16,008,909
Interest rate risk gap	(1,092,962)	(1,888,379)	(205,643)	1,597,137	1,689,149	787,005	886,307

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.4 Market risk (continued)

Interest rate risk (continued)

	As at December 31, 2023						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and deposits with central bank	1,281,917	–	–	–	–	55,584	1,337,501
Deposits with banks and other financial institutions	16,590	38,517	132,582	–	–	1,527	189,216
Placements with banks and other financial institutions	16,396	28,123	170,329	82,475	–	419	297,742
Derivative financial assets	–	–	–	–	–	2,154	2,154
Financial assets held under resale agreements	333,955	22,260	52,655	–	–	656	409,526
Loans and advances to customers	3,672,744	847,854	2,823,961	508,535	41,432	20,719	7,915,245
Financial assets measured at FVTPL	22,791	32,554	107,923	12,000	35,879	677,369	888,516
Financial assets measured at FVTOCI-debt instruments	17,465	39,558	72,619	354,515	12,159	7,220	503,536
Financial assets measured at FVTOCI-equity instruments	–	–	–	–	–	7,326	7,326
Financial assets measured at amortized cost	164,110	351,583	444,536	1,351,388	1,618,543	58,050	3,988,210
Other financial assets	–	–	–	–	–	24,486	24,486
Total financial assets	5,525,968	1,360,449	3,804,605	2,308,913	1,708,013	855,510	15,563,458
Borrowings from central bank	1,760	10,140	21,433	–	–	502	33,835
Deposits from banks and other financial institutions	88,472	1,859	4,765	120	–	87	95,303
Placements from banks and other financial institutions	23,099	9,593	26,920	50	–	550	60,212
Derivative financial liabilities	–	–	–	–	–	3,595	3,595
Financial assets sold under repurchase agreements	245,464	11,386	16,218	–	–	296	273,364
Customer deposits	5,382,164	2,402,520	4,662,705	1,339,275	–	169,299	13,955,963
Debt securities issued	1,089	89,254	38,248	10,000	119,991	2,556	261,138
Other financial liabilities	223	443	2,140	5,029	1,433	38,480	47,748
Total financial liabilities	5,742,271	2,525,195	4,772,429	1,354,474	121,424	215,365	14,731,158
Interest rate risk gap	(216,303)	(1,164,746)	(967,824)	954,439	1,586,589	640,145	832,300

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45 Financial risk management (continued)

45.4 Market risk (continued)

Foreign exchange rate risk

The tables below present the Group's exposures that were subject to changes in exchange rates as at December 31, 2024 and 2023 respectively. The Group's RMB exposures were included in the table for comparison. The financial assets and liabilities and off-balance sheet credit commitments were stated at their carrying amounts in RMB equivalent.

The major currency of the Group for daily operation is RMB. Other currencies used by the Group include United States Dollars (USD), Euro (EUR), Hong Kong Dollars (HKD) and U.K. Pound Sterling (GBP), etc.

	As at December 31, 2024			
	RMB	USD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and deposits with central bank	1,311,354	3,043	306	1,314,703
Deposits with banks and other financial institutions	258,146	3,613	717	262,476
Placements with banks and other financial institutions	339,246	8,771	–	348,017
Derivative financial assets	3,106	3,532	23	6,661
Financial assets held under resale agreements	229,842	–	–	229,842
Loans and advances to customers	8,675,061	7,398	1,685	8,684,144
Financial assets measured at FVTPL	1,024,165	–	–	1,024,165
Financial assets measured at FVTOCI-debt instruments	665,500	2,590	722	668,812
Financial assets measured at FVTOCI-equity instruments	4,637	–	–	4,637
Financial assets measured at amortized cost	4,259,447	46,181	885	4,306,513
Other financial assets	44,934	312	–	45,246
Total financial assets	16,815,438	75,440	4,338	16,895,216
Borrowings from central bank	26,138	–	–	26,138
Deposits from banks and other financial institutions	135,599	–	–	135,599
Placements from banks and other financial institutions	44,288	3,011	–	47,299
Derivative financial liabilities	3,480	3,713	6	7,199
Financial assets sold under repurchase agreements	187,395	–	7,129	194,524
Customer deposits	15,249,859	33,540	4,142	15,287,541
Debt securities issued	241,980	–	–	241,980
Other financial liabilities	68,144	438	47	68,629
Total financial liabilities	15,956,883	40,702	11,324	16,008,909
Net on-balance sheet position	858,555	34,738	(6,986)	886,307
Net notional amount of derivative financial instruments	2,926	(2,908)	(161)	(143)
Credit commitments	933,624	18,264	4,434	956,322

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.4 Market risk (continued)

Foreign exchange rate risk (continued)

	As at December 31, 2023			
	RMB	USD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and deposits with central bank	1,334,536	2,717	248	1,337,501
Deposits with banks and other financial institutions	184,648	3,790	778	189,216
Placements with banks and other financial institutions	297,742	–	–	297,742
Derivative financial assets	1,456	683	15	2,154
Financial assets held under resale agreements	409,526	–	–	409,526
Loans and advances to customers	7,903,113	9,938	2,194	7,915,245
Financial assets measured at FVTPL	886,036	2,480	–	888,516
Financial assets measured at FVTOCI-debt instruments	501,610	1,926	–	503,536
Financial assets measured at FVTOCI-equity instruments	7,326	–	–	7,326
Financial assets measured at amortized cost	3,932,025	55,434	751	3,988,210
Other financial assets	22,823	1,663	–	24,486
Total financial assets	15,480,841	78,631	3,986	15,563,458
Borrowings from central bank	33,835	–	–	33,835
Deposits from banks and other financial institutions	95,303	–	–	95,303
Placements from banks and other financial institutions	40,669	19,543	–	60,212
Derivative financial liabilities	1,874	1,707	14	3,595
Financial assets sold under repurchase agreements	273,364	–	–	273,364
Customer deposits	13,929,788	22,016	4,159	13,955,963
Debt securities issued	261,138	–	–	261,138
Other financial liabilities	45,368	2,377	3	47,748
Total financial liabilities	14,681,339	45,643	4,176	14,731,158
Net on-balance sheet position	799,502	32,988	(190)	832,300
Net notional amount of derivative financial instruments	16,615	(14,694)	(2,681)	(760)
Credit commitments	841,301	15,562	6,084	862,947

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45 Financial risk management (continued)

45.4 Market risk (continued)

Foreign exchange rate risk (continued)

Exchange rate sensitivity analysis

The table below indicates the potential effect of appreciation or depreciation of USD spot and forward exchange rate against RMB by 5% on net profit of the Group.

Exchange rate changes	As at December 31, 2024	As at December 31, 2023
5% of appreciation of USD against RMB	**509**	102
5% of depreciation of USD against RMB	**(509)**	(102)

The impact on the net profit arises from the effects of fluctuation in RMB exchange rate on the net positions of foreign monetary assets and liabilities. The effect on the net profit is based on the assumption that the Group's net foreign currency at the end of the reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign exchange exposures, based on the management expectation of future foreign currency fluctuation. Therefore the above sensitivity analysis may differ from the actual situation.

45.5 Liquidity risk

Liquidity risk refers to the risk of failure to obtain sufficient funds by commercial banks at a reasonable cost in a timely manner to repay matured debts, fulfill other payment obligations and meet other financial needs of normal operation. Liquidity risk may arise from the following events or factors: significant adverse changes in market liquidity, withdrawal of customers' deposits, drawing of loans by customers, overdue payment of debtors, excessive maturity mismatch between assets and liabilities, difficulties in asset realization, weakened financing ability, operating losses and risks associated with the affiliates, etc.

The objective of liquidity risk management of the Group is to effectively identify, measure, monitor and control liquidity risk via the establishment of a scientific and comprehensive liquidity risk management system, and to ensure that the liquidity demand is satisfied and its payment obligation to external parties is fulfilled promptly under the normal operation scenario and the stress scenario. The Group adheres to a prudent and sound liquidity risk management strategy, proactively assesses changes in both internal and external conditions, reasonably manages the overall amount, pace, and structure of its funding sources and uses, and strikes a balance among safety, liquidity, and profitability. The Group, in accordance with requirements in regulatory policies, changes in external environment as well as the characteristics of its business, formulates liquidity risk management policies such as those on limit management, intraday liquidity management, stress testing, and contingency plans, manages the liquidity risk of the Group in a centralized manner.

The Group conducts liquidity risk stress testing every quarter to identify potential liquidity risks, and continuously improves the stress testing methods according to regulatory and internal management requirements. The stress testing results indicated that under various stress scenario assumptions, the Group could pass the minimum viability test specified by the regulation.

The Group's liabilities were stable, as its major source of funds was retail deposits. Its assets were highly liquid, with a relatively large proportion of qualified high-quality bonds. During the reporting period, all liquidity regulatory indicators of the Group operated normally. Its overall liquidity was sufficient, secured, and under control.

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.5 Liquidity risk (continued)

Analysis of the remaining contractual maturity of financial assets and financial liabilities

	As at December 31, 2024								
	Overdue	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Cash and deposits with central bank	-	98,742	-	818	1,223	198	-	1,213,722	1,314,703
Deposits with banks and other financial institutions	-	7,201	25,879	59,429	169,967	-	-	-	262,476
Placements with banks and other financial institutions	-	-	44,646	48,381	186,911	68,079	-	-	348,017
Derivative financial assets	-	-	485	882	2,294	3,000	-	-	6,661
Financial assets held under resale agreements	-	-	173,649	46,587	9,606	-	-	-	229,842
Loans and advances to customers	27,938	-	314,596	471,899	2,612,238	1,885,647	3,371,826	-	8,684,144
Financial assets measured at FVTPL	-	268,579	58,781	46,227	358,538	117,846	173,060	1,134	1,024,165
Financial assets measured at FVTOCI-debt instruments	-	-	20,479	44,843	151,230	306,259	146,001	-	668,812
Financial assets measured at FVTOCI-equity instruments	-	-	-	-	-	-	-	4,637	4,637
Financial assets measured at amortized cost	-	-	68,731	101,558	635,145	1,895,345	1,605,734	-	4,306,513
Other financial assets	2,059	38,038	464	3,043	361	447	-	834	45,246
Total financial assets	29,997	412,560	707,710	823,667	4,127,513	4,276,821	5,296,621	1,220,327	16,895,216
Borrowings from central bank	-	-	1,660	4,889	19,589	-	-	-	26,138
Deposits from banks and other financial institutions	-	135,260	-	-	319	20	-	-	135,599
Placements from banks and other financial institutions	-	-	8,474	11,807	27,018	-	-	-	47,299
Derivative financial liabilities	-	-	605	1,111	2,245	3,238	-	-	7,199
Financial assets sold under repurchase agreements	-	-	105,059	85,359	4,106	-	-	-	194,524
Customer deposits	-	4,215,516	1,358,247	3,089,765	5,324,083	1,299,930	-	-	15,287,541
Debt securities issued	-	-	-	45,671	62,822	13,495	119,992	-	241,980
Other financial liabilities	-	12,628	38,577	6,701	3,270	5,852	1,425	176	68,629
Total financial liabilities	-	4,363,404	1,512,622	3,245,303	5,443,452	1,322,535	121,417	176	16,008,909
Net liquidity	29,997	(3,950,844)	(804,912)	(2,421,636)	(1,315,939)	2,954,286	5,175,204	1,220,151	886,307

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45 Financial risk management (continued)

45.5 Liquidity risk (continued)

Analysis of the remaining contractual maturity of financial assets and financial liabilities (continued)

	As at December 31, 2023								
	Overdue	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Cash and deposits with central bank	–	89,131	–	745	1,507	–	–	1,246,118	1,337,501
Deposits with banks and other financial institutions	–	8,042	8,709	39,065	133,400	–	–	–	189,216
Placements with banks and other financial institutions	–	–	16,502	28,407	170,358	82,475	–	–	297,742
Derivative financial assets	–	–	190	130	543	1,291	–	–	2,154
Financial assets held under resale agreements	–	–	334,338	22,395	52,793	–	–	–	409,526
Loans and advances to customers	13,233	–	485,751	606,285	2,182,179	1,854,890	2,772,907	–	7,915,245
Financial assets measured at FVTPL	10	131,767	21,602	37,319	199,329	361,471	135,115	1,903	888,516
Financial assets measured at FVTOCI-debt instruments	–	–	18,622	41,806	74,113	356,675	12,320	–	503,536
Financial assets measured at FVTOCI-equity instruments	–	–	–	–	–	–	–	7,326	7,326
Financial assets measured at amortized cost	–	–	100,014	132,374	438,017	1,558,632	1,759,173	–	3,988,210
Other financial assets	1,792	14,006	363	2,631	243	487	4,651	313	24,486
Total financial assets	15,035	242,946	986,091	911,157	3,252,482	4,215,921	4,684,166	1,255,660	15,563,458
Borrowings from central bank	–	–	1,789	10,291	21,755	–	–	–	33,835
Deposits from banks and other financial institutions	–	88,496	11	1,866	4,796	134	–	–	95,303
Placements from banks and other financial institutions	–	–	23,252	9,775	27,134	51	–	–	60,212
Derivative financial liabilities	–	–	960	705	610	1,320	–	–	3,595
Financial assets sold under repurchase agreements	–	–	245,624	11,420	16,320	–	–	–	273,364
Customer deposits	–	4,077,821	1,334,047	2,448,410	4,717,812	1,377,873	–	–	13,955,963
Debt securities issued	–	–	1,089	90,632	39,426	10,000	119,991	–	261,138
Other financial liabilities	–	12,219	14,507	6,488	2,751	5,845	5,938	–	47,748
Total financial liabilities	–	4,178,536	1,621,279	2,579,587	4,830,604	1,395,223	125,929	–	14,731,158
Net liquidity	15,035	(3,935,590)	(635,188)	(1,668,430)	(1,578,122)	2,820,698	4,558,237	1,255,660	832,300

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45 Financial risk management (continued)

45.5 Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows of non-derivative financial assets and financial liabilities by remaining maturities

The Group manages its inherent liquidity risk in the short term based on the expected undiscounted cash flows.

	As at December 31, 2024								
	Overdue	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial assets									
Cash and deposits with central bank	-	98,742	-	818	1,223	198	-	1,213,722	1,314,703
Deposits with banks and other financial institutions	-	7,201	26,046	60,040	172,565	-	-	-	265,852
Placements with banks and other financial institutions	-	-	44,787	49,626	189,849	70,704	-	-	354,966
Financial assets held under resale agreements	-	-	173,676	46,787	9,666	-	-	-	230,129
Loans and advances to customers	29,997	-	330,092	503,717	2,786,761	2,544,419	4,680,465	-	10,875,451
Financial assets measured at FVTPL	-	268,579	59,013	46,367	360,295	122,773	176,155	1,134	1,034,316
Financial assets measured at FVTOCI-debt instruments	-	-	20,575	45,243	156,176	331,566	154,785	-	708,345
Financial assets measured at FVTOCI-equity instruments	-	-	-	-	-	-	-	4,637	4,637
Financial assets measured at amortized cost	-	-	70,349	108,174	699,728	2,245,022	1,814,182	-	4,937,455
Other financial assets	-	38,038	464	3,043	361	447	-	834	43,187
Total non-derivative financial assets	29,997	412,560	725,002	863,815	4,376,624	5,315,129	6,825,587	1,220,327	19,769,041
Non-derivative financial liabilities									
Borrowings from central bank	-	-	1,662	4,905	19,800	-	-	-	26,367
Deposits from banks and other financial institutions	-	135,260	-	-	322	21	-	-	135,603
Placements from banks and other financial institutions	-	-	8,489	11,904	27,380	-	-	-	47,773
Financial assets sold under repurchase agreements	-	-	105,077	85,589	4,126	-	-	-	194,792
Customer deposits	-	4,215,516	1,359,391	3,098,539	5,378,981	1,354,823	-	-	15,407,250
Debt securities issued	-	-	-	46,156	64,938	30,725	137,380	-	279,199
Other financial liabilities	-	12,628	38,602	6,752	3,528	6,459	1,597	176	69,742
Total non-derivative financial liabilities	-	4,363,404	1,513,221	3,253,845	5,499,075	1,392,028	138,977	176	16,160,726
Net liquidity	29,997	(3,950,844)	(788,219)	(2,390,030)	(1,122,451)	3,923,101	6,686,610	1,220,151	3,608,315

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45 Financial risk management (continued)

45.5 Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows of non-derivative financial assets and financial liabilities by remaining maturities (continued)

	As at December 31, 2023								
	Overdue	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial assets									
Cash and deposits with central bank	–	89,131	–	745	1,507	–	–	1,246,118	1,337,501
Deposits with banks and other financial institutions	–	8,042	8,714	39,454	135,561	–	–	–	191,771
Placements with banks and other financial institutions	–	–	16,520	30,300	174,760	83,547	–	–	305,127
Financial assets held under resale agreements	–	–	334,417	22,486	53,358	–	–	–	410,261
Loans and advances to customers	15,025	–	505,776	648,196	2,364,168	2,492,640	4,143,061	–	10,168,866
Financial assets measured at FVTPL	10	131,767	21,644	37,472	202,012	366,870	139,662	1,903	901,340
Financial assets measured at FVTOCI-debt instruments	–	–	18,845	42,884	80,650	379,643	13,104	–	535,126
Financial assets measured at FVTOCI-equity instruments	–	–	–	–	–	–	–	7,326	7,326
Financial assets measured at amortized cost	–	–	101,787	138,962	503,281	1,918,265	2,002,107	–	4,664,402
Other financial assets	–	14,006	363	2,631	243	487	4,651	313	22,694
Total non-derivative financial assets	15,035	242,946	1,008,066	963,130	3,515,540	5,241,452	6,302,585	1,255,660	18,544,414
Non-derivative financial liabilities									
Borrowings from central bank	–	–	1,791	10,320	22,037	–	–	–	34,148
Deposits from banks and other financial institutions	–	88,496	11	1,873	4,880	139	–	–	95,399
Placements from banks and other financial institutions	–	–	23,275	9,905	27,606	53	–	–	60,839
Financial assets sold under repurchase agreements	–	–	245,658	11,455	16,573	–	–	–	273,686
Customer deposits	–	4,077,821	1,335,343	2,456,327	4,776,398	1,441,085	–	–	14,086,974
Debt securities issued	–	–	1,090	91,326	41,303	27,355	141,579	–	302,653
Other financial liabilities	–	12,219	14,527	6,527	2,942	6,295	6,066	–	48,576
Total non-derivative financial liabilities	–	4,178,536	1,621,695	2,587,733	4,891,739	1,474,927	147,645	–	14,902,275
Net liquidity	15,035	(3,935,590)	(613,629)	(1,624,603)	(1,376,199)	3,766,525	6,154,940	1,255,660	3,642,139

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45 Financial risk management (continued)

45.5 Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows of derivative financial instruments by remaining maturities

Derivative financial instruments settled on a net basis

The fair value of the Group's derivative financial instruments that will be settled on a net basis are primarily related to changes in interest rates. The tables below present the undiscounted contractual cash flows of the Group's net derivative positions based on their remaining contractual maturities:

	As at December 31, 2024							
	Overdue	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest rate derivative financial instruments	–	–	**(9)**	**(4)**	**(72)**	**(187)**	–	**(272)**

	As at December 31, 2023							
	Overdue	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest rate derivative financial instruments	–	–	(4)	7	(71)	(12)	–	(80)

Derivative financial instruments settled on a gross basis

The fair value of the Group's derivative financial instruments that will be settled on a gross basis are primarily related to changes in foreign exchange rates and interest rates. The tables below present the undiscounted contractual cash flows of the Group's gross derivative positions based on their remaining contractual maturities:

	As at December 31, 2024							
	Overdue	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Derivative financial instruments settled on a gross basis								
– Cash inflow	–	–	**61,391**	**66,368**	**151,785**	**6,615**	–	**286,159**
– Cash outflow	–	–	**(61,595)**	**(66,556)**	**(151,510)**	**(6,640)**	–	**(286,301)**
Total	–	–	**(204)**	**(188)**	**275**	**(25)**	–	**(142)**

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45 Financial risk management (continued)

45.5 Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows of derivative financial instruments by remaining maturities (continued)

Derivative financial instruments settled on a gross basis (continued)

	As at December 31, 2023							
	Overdue	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Derivative financial instruments settled on a gross basis								
– Cash inflow	–	–	61,477	25,633	50,295	–	–	137,405
– Cash outflow	–	–	(61,511)	(26,251)	(50,250)	–	–	(138,012)
Total	–	–	(34)	(618)	45	–	–	(607)

Credit commitments

The off-balance sheet items of the Group are listed in the following table by remaining contractual maturity, and the financial guarantees are listed in the notional amount according to the earliest contract expiration date:

	As at December 31, 2024			
	Within 1 year	1 to 5 years	Over 5 years	Total
Loan commitments	**12,600**	**13,632**	**1,311**	**27,543**
Bank acceptances	**186,026**	**–**	**–**	**186,026**
Guarantees and letters of guarantee	**58,632**	**57,201**	**7,983**	**123,816**
Letters of credit	**127,969**	**–**	**–**	**127,969**
Unused credit card commitments	**490,968**	**–**	**–**	**490,968**
Total	**876,195**	**70,833**	**9,294**	**956,322**

	As at December 31, 2023			
	Within 1 year	1 to 5 years	Over 5 years	Total
Loan commitments	30,028	23,328	1,311	54,667
Bank acceptances	161,994	–	–	161,994
Guarantees and letters of guarantee	46,881	39,033	4,966	90,880
Letters of credit	95,177	–	–	95,177
Unused credit card commitments	460,229	–	–	460,229
Total	794,309	62,361	6,277	862,947

45 Financial risk management (continued)

45.6 Operational risk

Operational risk refers to risks caused by inadequate or problematic internal procedures, employee misconduct and IT system failures, and external events. The types of operational risks that the Group may face include seven categories: internal fraud, external fraud, employment systems and workplace safety, customers, products and business activities, damage to physical assets, information technology system failures, execution, delivery and process management.

Guided by the operational risk appetite approved by the Board of Directors, the Group's senior management is mainly responsible for establishing and implementing the operational risk management policies and limits. The policies aim to continuously improve the internal control mechanism, reinforce the supervision and inspection framework, improve the information technology capability, enrich the basis of operation management, intensify monitoring reports, regulate staff behaviour, foster risk management culture and initiative awareness to regulations and ensure the security of business operation.

45.7 Fair value of financial instruments

Most of the balance sheet items of the Group are financial assets and financial liabilities. The fair value measurement of non-financial assets and non-financial liabilities will not have a significant impact on the Group's overall financial performance.

During the year ended December 31, 2024 and 2023, there were no assets or liabilities which were discontinued being measured at fair value by the Group.

(1) Valuation techniques, parameters and processes

The fair value of financial assets and financial liabilities is determined according to the following methods:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded in an active market is determined by reference to the market price.

- For non-option derivative financial instruments, the fair value is determined by discounted cash flow analysis using the applicable yield curve within the term of the instrument.

- The fair value of other financial assets and financial liabilities is determined according to the generally accepted pricing model or the current market price observable for similar instruments based on the discounted cash flow analysis. If there is no observable market transaction price for similar instruments, the net assets are used for valuation, and the price is analyzed by the management.

The Group has established an independent valuation process for financial assets and financial liabilities to satisfy segregation of duties and relevant departments are respectively responsible for valuation, model validation and accounting treatment.

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45 Financial risk management (continued)

45.7 Fair value of financial instruments (continued)

(2) Fair value hierarchy

Financial instruments at fair value are classified into the following three levels of measurement hierarchy:

Level 1: Fair value is determined based on quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Where quoted prices are not available from open markets, the fair value of financial instruments is determined by valuation techniques.

(3) Financial assets and financial liabilities not measured at fair value on the statement of financial position

Financial assets and liabilities not measured at fair value mainly represent deposits with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers measured at amortized cost, financial assets measured at amortized cost, borrowings from central bank, deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, customer deposits and debt securities issued.

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45 Financial risk management (continued)

45.7 Fair value of financial instruments (continued)

(3) Financial assets and financial liabilities not measured at fair value on the statement of financial position (continued)

The tables below summarize the carrying amounts and the fair value of the financial assets measured at amortized cost and debt securities issued which are not set out in the statement of financial position.

	As at December 31, 2024				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortized cost	**4,306,513**	**4,535,087**	**–**	**4,207,342**	**327,745**
Financial liabilities					
Debt securities issued	**241,980**	**250,365**	**–**	**250,365**	**–**

	As at December 31, 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortized cost	3,988,210	4,091,378	–	3,727,352	364,026
Financial liabilities					
Debt securities issued	261,138	263,681	–	263,681	–

Except for the financial assets and liabilities above, the fair value of other financial assets and financial liabilities not measured at fair value in the statement of financial position are determined using discounted future cash flows. There is no significant difference between their carrying amounts and fair value.

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45 Financial risk management (continued)

45.7 Fair value of financial instruments (continued)

(4) Financial assets and financial liabilities measured at fair value on the statement of financial position

The tables below summarize the fair value of the financial assets and financial liabilities measured at their fair value on the statement of financial position.

	As at December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and advances to customers				
– Measured at FVTOCI	–	785,675	–	785,675
Financial assets measured at FVTPL				
– Debt securities	–	67,677	–	67,677
– Interbank certificates of deposits	–	125,775	–	125,775
– Asset-backed securities	–	3,149	–	3,149
– Fund investments	–	658,785	166,571	825,356
– Trust investment plans and asset management plans	–	–	45	45
– Wealth management products issued by financial institutions	–	1,029	–	1,029
– Equity instruments	235	–	899	1,134
Subtotal	235	856,415	167,515	1,024,165
Derivative financial assets				
– Exchange rate derivatives	–	3,487	–	3,487
– Interest rate derivatives	–	3,089	–	3,089
– Precious metal derivatives	–	85	–	85
Subtotal	–	6,661	–	6,661
Financial assets measured at FVTOCI – debt instruments				
– Debt securities	–	667,906	–	667,906
– Interbank certificates of deposits	–	906	–	906
Subtotal	–	668,812	–	668,812
Financial assets measured at FVTOCI – equity instruments				
– Equity instruments	–	1,550	3,087	4,637
Total financial assets	235	2,319,113	170,602	2,489,950
Financial liabilities				
Derivative financial liabilities				
– Exchange rate derivatives	–	(3,719)	–	(3,719)
– Interest rate derivatives	–	(3,357)	–	(3,357)
– Precious metal derivatives	–	(117)	–	(117)
– Other derivatives	–	(6)	–	(6)
Total financial liabilities	–	(7,199)	–	(7,199)

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.7 Fair value of financial instruments (continued)

(4) Financial assets and financial liabilities measured at fair value on the statement of financial position (continued)

	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and advances to customers				
– Measured at FVTOCI	–	737,448	–	737,448
Financial assets measured at FVTPL				
– Debt securities	–	73,304	–	73,304
– Interbank certificates of deposits	–	139,096	–	139,096
– Asset-backed securities	–	817	–	817
– Fund investments	–	522,160	99,390	621,550
– Trust investment plans and asset management plans	–	–	51,164	51,164
– Wealth management products issued by financial institutions	–	682	–	682
– Equity instruments	931	–	972	1,903
Subtotal	931	736,059	151,526	888,516
Derivative financial assets				
– Exchange rate derivatives	–	699	–	699
– Interest rate derivatives	–	1,448	–	1,448
– Precious metal derivatives	–	7	–	7
Subtotal	–	2,154	–	2,154
Financial assets measured at FVTOCI – debt instruments				
– Debt securities	–	503,536	–	503,536
Financial assets measured at FVTOCI – equity instruments				
– Equity instruments	3,291	1,437	2,598	7,326
Total financial assets	4,222	1,980,634	154,124	2,138,980
Financial liabilities				
Derivative financial liabilities				
– Exchange rate derivatives	–	(1,721)	–	(1,721)
– Interest rate derivatives	–	(1,489)	–	(1,489)
– Precious metal derivatives	–	(385)	–	(385)
Total financial liabilities	–	(3,595)	–	(3,595)

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45 Financial risk management (continued)

45.7 Fair value of financial instruments (continued)

(4) Financial assets and financial liabilities measured at fair value on the statement of financial position (continued)

For financial instruments traded in active markets, the determination of fair value is based on quoted market prices. Where quoted prices are not available from open markets, the fair value of financial instruments is determined by valuation techniques.

Parameters used in valuation techniques mainly include debt securities prices, interest rates, exchange rates, equity prices, volatility level, correlation, pre-payment rate and counterparties' credit spread.

(a) Basis of determining the market price for recurring fair value measurements categorized within Level 1

Quoted prices are used for financial instruments with quoted prices in an active market.

(b) Valuation techniques, key parameters used for recurring fair value measurement categorized within Level 2

Financial investments

Financial investments using valuation techniques mainly consist of debt securities, interbank certificates of deposits, investment fund and equity instruments, etc. The fair value of RMB bonds and interbank certificates of deposits is determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd. The fair value of foreign currency bonds and interbank certificates of deposits is determined based on the valuation results of Bloomberg. The fair value of these bonds and interbank certificates of deposits is determined based on a valuation technique for which all significant inputs are observable market data. The fair value of the investment fund classified as Level 2 derived from the observable quoted price in market. The fair value of the equity instruments classified as Level 2 is measured by discounted cash flow method.

Derivatives

Derivatives using valuation techniques with market observable inputs are mainly foreign exchange forwards and swaps, interest rate swaps, cross currency interest rate swaps, and precious metals swaps, etc. The most frequently applied valuation techniques include discounted cash flow method and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, precious metal spot and forward price, interest rate yield curves, etc.

Loans and advances to customers

The loans and advances to customers involving valuation techniques are mainly forfaiting and discounted bills. The fair value of these forfaiting and discounted bills is measured by discounted cash flow method.

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.7 Fair value of financial instruments (continued)

(4) Financial assets and financial liabilities measured at fair value on the statement of financial position (continued)

(c) Quantitative information about the significant unobservable inputs used in Level 3 fair value measurements is summarized below:

			Unobservable inputs	
December 31, 2024	**Fair value**	**Valuation technique**	**Inputs**	**Relationship of unobservable inputs to fair value**
Financial assets				
Financial assets measured at FVTPL				
– Fund investments	**166,571**	**(i)**	**Net assets**	**Positive correlation**
– Trust investment plans and asset management plans	**45**	**(i)**	**Net assets**	**Positive correlation**
– Equity instruments	**899**	**(i)**	**Net assets**	**Positive correlation**
Subtotal	**167,515**			
Financial assets measured at FVTOCI – equity instruments	**3,087**	**(i)**	**Net assets**	**Positive correlation**
Total	**170,602**			

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45 Financial risk management (continued)

45.7 Fair value of financial instruments (continued)

(4) Financial assets and financial liabilities measured at fair value on the statement of financial position (continued)

(c) Quantitative information about the significant unobservable inputs used in Level 3 fair value measurements is summarized below: (continued)

			Unobservable inputs	
December 31, 2023	Fair value	Valuation technique	Inputs	Relationship of unobservable inputs to fair value
Financial assets				
Financial assets measured at FVTPL				
– Fund investments	99,390	(i)	Net assets	Positive correlation
– Trust investment plans and asset management plans	51,164	(i)	Net assets	Positive correlation
– Equity instruments	972	(i)	Net assets	Positive correlation
Subtotal	151,526			
Financial assets measured at FVTOCI – equity instruments	2,598	(i)	Net assets	Positive correlation
Total	154,124			

(i) The fair value of fund investments, trust investment plans and asset management plans, equity instruments measured at FVTPL, and equity instruments measured at FVTOCI are all determined using net asset method, where the significant unobservable inputs are the net assets.

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45 Financial risk management (continued)

45.7 Fair value of financial instruments (continued)

(4) Financial assets and financial liabilities measured at fair value on the statement of financial position (continued)

(c) Quantitative information about the significant unobservable inputs used in Level 3 fair value measurements is summarized below: (continued)

Changes in Level 3 are analyzed below:

	2024	
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI-equity instruments
Balance at the beginning of the year	**151,526**	**2,598**
Increased	**63,589**	**400**
Settled	**(50,845)**	**–**
Total gains or losses recognized in		
– Profit or loss	**3,245**	**–**
– Other comprehensive income	**–**	**89**
Balance at the end of the year	**167,515**	**3,087**
Total unrealized gains in profit or loss	**3,295**	**–**

	2023	
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI-equity instruments
Balance at the beginning of the year	148,031	2,513
Increased	3,377	–
Settled	(3,911)	–
Total gains or losses recognized in		
– Profit or loss	4,029	–
– Other comprehensive income	–	85
Balance at the end of the year	151,526	2,598
Total unrealized gains in profit or loss	4,401	–

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45 Financial risk management (continued)

45.7 Fair value of financial instruments (continued)

(4) Financial assets and financial liabilities measured at fair value on the statement of financial position (continued)

(d) Transfers between Levels

During the year ended December 31, 2024 and 2023, there were no changes of fair value hierarchies.

45.8 Capital management

The Group's capital management aims at meeting regulatory requirements, continuously improving the ability to mitigate risks and increasing returns on capital. Accordingly, the Group has set its capital adequacy objectives and employed various means and methods to meet its management objectives, including performance assessment against plans and budgets, and limit management; to ensure its capital management meets external regulatory, credit rating, risk compensation and shareholders' value requirements; help drive risk management across the Group; ensure a disciplinary expansion of its assets; and continually improve its business structure and operating models.

The Group has maintained a relatively fast pace of development in terms of business scale in recent years with an increase in the demand of capital accordingly. In order to ensure that the Group meets regulatory capital adequacy requirements and maximises returns to shareholders without compromising its risk management, the Group makes strong efforts to promote the establishment of capital constraints system, enhances the management of both total amount and structure of risk assets, and promotes the transformation of its business model towards a capital efficient one through the comprehensive use of several measurement tools such as capital planning, limit management, economic capital management and estimation of internal capital adequacy, in order to ensure that the capital adequacy ratios meet the risk coverage and regulatory requirements continuously.

In accordance with the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and the related provisions promulgated by the NAFR, and Additional Regulations Supervision on Systemically Important Banks (for Trial Implementation)(《系統重要性銀行附加監管規定(試行)》) issued by the PBC and the former CBIRC, as at December 31, 2024, the Group's core tier 1 capital adequacy ratio should be 8.00%, tier 1 capital adequacy ratio should be 9.00%, and capital adequacy ratio should be 11.00% (as at December 31, 2023: 8.00%, 9.00% and 11.00%, respectively). During the year ended December 31, 2023, the Group continuously intensified the monitoring, analyzing and reporting of capital adequacy ratios, constantly optimized the risk asset structure, increases internal capital accumulation, and promoted the supplement of external capital, in order to ensure that the Group's capital adequacy ratio meets regulatory requirements and internal management needs.

(All amounts in millions of RMB unless otherwise stated)

45 Financial risk management (continued)

45.8 Capital management (continued)

The Group's regulatory capital as calculated according to the Rules on Capital Management of Commercial Banks (商業銀行資本管理辦法) promulgated by NFRA at December 31, 2024 and according to the Rules on Capital Management of Commercial Banks (Provisional) (商業銀行資本管理辦法(試行)) promulgated by the former CBIRC at December 31, 2023 is as follows:

		As at December 31, 2024	As at December 31, 2023
CET1 capital adequacy ratio	(1)	**9.56%**	9.53%
Tier 1 capital adequacy ratio	(1)	**11.89%**	11.61%
Capital adequacy ratio	(1)	**14.44%**	14.23%
Common Equity Tier 1 capital		**830,854**	786,133
Common Equity Tier 1 capital: deductions	(2)	**(6,663)**	(6,027)
Net CET1 capital		**824,191**	780,106
Additional tier 1 capital		**200,141**	170,152
Net tier 1 capital		**1,024,332**	950,258
Tier 2 capital			
Tier 2 capital instruments and related premium		**119,991**	119,991
Valid portion of surplus provisions for loss		**99,476**	94,824
Valid portion of minority interests		**312**	331
Net capital	(3)	**1,244,111**	1,165,404
Risk-weighted assets	(4)	**8,617,743**	8,187,064

(1) CET1 capital adequacy ratio is equal to net common equity tier 1 capital divided by risk-weighted assets; tier 1 capital adequacy ratio is equal to net tier 1 capital divided by risk-weighted assets; and capital adequacy ratio is equal to net capital divided by risk-weighted assets.

(2) Deductions from common equity tier 1 capital include other intangible assets (not including land use rights).

(3) Net capital is equal to total capital net of deductions from total capital.

(4) Risk-weighted assets include credit risk-weighted assets measured using the standardized approach, market risk-weighted assets measured using the standardized approach, and operational risk-weighted assets measured using the standardized approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

46 Reconciliation of liabilities arising from financing activities

The table below summarizes the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Debt securities issued (Note 33)	Dividends payable	Lease liabilities (Note 34)	Total
As at January 1, 2024	**261,138**	**–**	**9,268**	**270,406**
Financing cash flows	**(24,629)**	**(32,223)**	**(3,923)**	**(60,775)**
Non-cash changes				
Interest expenses	**5,471**	**–**	**270**	**5,741**
New leases entered	**–**	**–**	**4,360**	**4,360**
Leases termination	**–**	**–**	**(753)**	**(753)**
Dividends declared	**–**	**46,869**	**–**	**46,869**
As at December 31, 2024	**241,980**	**14,646**	**9,222**	**265,848**

	Debt securities issued (Note 33)	Dividends payable	Lease liabilities (Note 34)	Total
As at January 1, 2023	101,910	–	9,852	111,762
Financing cash flows	152,091	(30,890)	(3,934)	117,267
Non-cash changes				
Interest expenses	7,137	–	289	7,426
New leases entered	–	–	3,629	3,629
Leases termination	–	–	(568)	(568)
Dividends declared	–	30,890	–	30,890
As at December 31, 2023	261,138	–	9,268	270,406

(All amounts in millions of RMB unless otherwise stated)

47 Events after the end of the reporting period

Dividend distribution

On March 27, 2025, the Board of Directors proposed the following final profit distribution scheme for the year ended December 31, 2024. In accordance with the Company Law of the People's Republic of China (中華人民共和國公司法), Administrative Measures for Provisioning of Financial Enterprises (金融企業準備金計提管理辦法) and the Articles of Association and other relevant provisions: declaration of cash dividend of RMB1.139 per ten shares (tax included), totalling RMB11,294 million (tax included) to ordinary shareholders based on RMB99,161 million ordinary shares. The proposed profit distribution scheme is subject to the approval in the forthcoming Annual General Meeting for the year of 2024. Cash dividends will be distributed to all shareholders registered at the relevant date upon approval.

48 Reclassification of comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation.

49 The statement of financial position of the Bank

	As at December 31, 2024	As at December 31, 2023
Assets		
Cash and deposits with central bank	**1,314,176**	1,336,884
Deposits with banks and other financial institutions	**262,638**	190,210
Placements with banks and other financial institutions	**356,927**	304,653
Derivative financial assets	**6,661**	2,154
Financial assets held under resale agreements	**229,295**	405,983
Loans and advances to customers	**8,617,563**	7,855,535
Financial investments		
Financial assets at fair value through profit or loss	**1,014,956**	887,560
Financial assets at fair value through other comprehensive income-debt instruments	**662,897**	497,662
Financial assets at fair value through other comprehensive income-equity instruments	**4,637**	7,326
Financial assets at amortized cost	**4,295,269**	3,981,244
Investment in subsidiaries	**15,115**	15,115
Property and equipment	**60,124**	55,103
Deferred tax assets	**59,999**	61,656
Other assets	**111,542**	68,152
Total assets	**17,011,799**	15,669,237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in millions of RMB unless otherwise stated)

49 The statement of financial position of the Bank (continued)

	As at December 31, 2024	As at December 31, 2023
Liabilities		
Borrowings from central bank	**26,138**	33,835
Deposits from banks and other financial institutions	**137,023**	97,986
Placements from banks and other financial institutions	**4,719**	20,593
Derivative financial liabilities	**7,199**	3,595
Financial assets sold under repurchase agreements	**194,524**	273,364
Customer deposits	**15,279,400**	13,946,123
Debt securities issued	**238,455**	261,138
Other liabilities	**102,505**	84,261
Total liabilities	**15,989,963**	14,720,895
Equity		
Share capital	**99,161**	99,161
Other equity instruments		
Perpetual bonds	**199,986**	169,986
Capital reserve	**162,690**	162,693
Other reserves	**301,218**	270,911
Retained earnings	**258,781**	245,591
Total equity	**1,021,836**	948,342
Total equity and liabilities	**17,011,799**	15,669,237

Approved and authorized for issue by the Board of Directors on March 27, 2025.

Zheng Guoyu	Yao Hong
(On behalf of Board of Directors)	(On behalf of Board of Directors)

(All amounts in millions of RMB unless otherwise stated)

50 The statement of changes in equity of the Bank

		Other equity instruments		Other reserves				
	Share capital	Perpetual bonds	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Total
As at January 1, 2024	99,161	169,986	162,693	67,010	198,910	4,991	245,591	948,342
Profit for the year	-	-	-	-	-	-	85,297	85,297
Other comprehensive income	-	-	-	-	-	5,069	-	5,069
Total comprehensive income for the year	-	-	-	-	-	5,069	85,297	90,366
Issuance of perpetual bonds	-	30,000	(3)	-	-	-	-	29,997
Appropriation to surplus reserve	-	-	-	8,530	-	-	(8,530)	-
Appropriation to general reserve	-	-	-	-	17,852	-	(17,852)	-
Dividends declared and paid to ordinary shareholders	-	-	-	-	-	-	(40,527)	(40,527)
Dividends to perpetual bonds holders	-	-	-	-	-	-	(6,342)	(6,342)
Realized gain of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	-	(1,144)	1,144	-
As at December 31, 2024	99,161	199,986	162,690	75,540	216,762	8,916	258,781	1,021,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in millions of RMB unless otherwise stated)

50 The statement of changes in equity of the Bank (continued)

		Other equity instruments		Other reserves				
	Share capital	Perpetual bonds	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Total
As at January 1, 2023	92,384	139,986	124,490	58,478	176,246	4,878	222,180	818,642
Profit for the year	–	–	–	–	–	–	85,325	85,325
Other comprehensive income	–	–	–	–	–	285	–	285
Total comprehensive income for the year	–	–	–	–	–	285	85,325	85,610
Issuance of ordinary shares	6,777	–	38,203	–	–	–	–	44,980
Issuance of perpetual bonds	–	30,000	–	–	–	–	–	30,000
Appropriation to surplus reserve	–	–	–	8,532	–	–	(8,532)	–
Appropriation to general reserve	–	–	–	–	22,664	–	(22,664)	–
Dividends declared and paid to ordinary shareholders	–	–	–	–	–	–	(25,574)	(25,574)
Dividends to perpetual bonds holders	–	–	–	–	–	–	(5,316)	(5,316)
Realized gain of equity instrument investments measured at fair value through other comprehensive income	–	–	–	–	–	(172)	172	–
As at December 31, 2023	99,161	169,986	162,693	67,010	198,910	4,991	245,591	948,342

Appendix: Supplementary Information

International Claims

The Group regards all claims on third parties outside the Chinese mainland and claims denominated in foreign currencies on third parties in the Chinese mainland as international claims.

International claims include loans and advances to customers, deposits with the central bank, deposits and placements with banks and other financial institutions, investments in debt securities and others.

A country or geographical region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

In RMB million

	As at December 31, 2024			
	Public sectors	Banks and other financial institutions	Non-bank private sectors	Total
Asia Pacific	8,664	78,503	32,003	119,170
– of which attributed to Hong Kong, China	4,951	19,282	13,182	37,415
Europe	–	22,951	8,099	31,050
North and South America	717	8,269	5,634	14,620
Other areas	341	–	–	341
Total	9,722	109,723	45,736	165,181

In RMB million

	As at December 31, 2023			
	Public sectors	Banks and other financial institutions	Non-bank private sectors	Total
Asia Pacific	5,747	84,984	36,493	127,224
– of which attributed to Hong Kong, China	2,997	17,705	10,693	31,395
Europe	–	14,948	7,418	22,366
North and South America	2,829	4,963	651	8,443
Other areas	231	–	–	231
Total	8,807	104,895	44,562	158,264

Disclosure of Assessment Indicators for Systemically Important Banks (SIBs)

Disclosure of Assessment Indicators for Domestic SIBs (D-SIBs)

According to the Measures for Assessment of Systemically Important Banks, all the D-SIB indicators of the Bank for the year ended December 31, 2023 are as follows:

In RMB ten thousand, unless otherwise stated

Level 1 Indicators	Level 2 Indicators		The Bank
Size	On- and off-balance sheet assets after adjustments		1,644,462,814
Interconnectedness	Intra-financial system assets		431,944,303
	Intra-financial system liabilities		27,984,363
	Securities and other financing instruments issued		71,462,592
Substitutability	Payments settled via payment systems or correspondent banks		9,944,558,201
	Assets under custody		468,176,266
	Agency and consignment business		204,537,813
	Number of customers and number of domestic operating branches	Number of corporate customers	1,593,574
		Number of individual customers	844,474,697
		Number of domestic operating branches	10,268
Complexity	Derivatives		48,469,658
	Securities measured at fair value		33,937,727
	Assets of non-banking affiliates		8,621,894
	Wealth management business	Balance of non-principal guaranteed wealth management products issued by the Bank	4,277,337
		Balance of wealth management products issued by wealth management subsidiaries	73,372,604
	Overseas claims and debts		3,528,417

Note (1): Calculated upon the standards of the Measures for the Assessment of Systemically Important Banks (Yinfa [2020] No. 289), the data of some indicators differs from the data in the Annual Report.

Appendix: Supplementary Information

Disclosure of Assessment Indicators for Global SIBs (G-SIBs)

The G-SIB indicators of the Group for 2024 prepared in accordance with the latest requirements of the G-SIB Assessment Reporting Instructions for 2024 issued by the Basel Committee on Banking Supervision are as follows:

In RMB million

No.	Indicators	Indicator value
1	Cross-jurisdictional claims	36,775
2	Cross-jurisdictional liabilities	20,842
3	Balance of adjusted on- and off-balance sheet assets	17,916,517
4	Intra-financial system assets	2,566,278
5	Intra-financial system liabilities	228,680
6	Securities and other financing instruments issued	975,906
7	Assets under custody	5,427,830
8	Payments settled via payment systems or correspondent banks	116,835,223
9	Underwritten transactions in debt and equity markets	489,820
10	Trading volume of fixed-income securities	6,524,782
11	Trading volume of equity and other securities	4,238
12	Notional amount of over-the-counter derivatives	692,733
13	Level 3 assets	170,602
14	Trading and available-for-sale securities	393,000

Note: The above assessment indicators were calculated and disclosed in accordance with the G-SIB Assessment Reporting Instructions for 2024 issued by the Basel Committee on Banking Supervision, which were unaudited data and differed from the disclosure in the financial statements.

For more information on capital measurement and leverage ratio, please refer to the 2024 Pillar 3 Disclosure Report on Capital Management of Postal Savings Bank of China published by the Bank pursuant to the Rules on Capital Management of Commercial Banks.

List of Organizations

Tier-1 Branches

Beijing Branch

Address: Beijing Post Building (Sub-center), Building No. 1, Third Yard, Huiji East Road, Tongzhou District, Beijing
Postal Code: 101100
Telephone: 010-89106196
Fax: 010-89109781

Tianjin Branch

Address: No. 121 Dagu North Road, Heping District, Tianjin
Postal Code: 300040
Telephone: 022-88588888
Fax: 022-88588858

Hebei Branch

Address: Building 1, Jiahe Square, No. 567 Zhongshan East Road, Chang'an District, Shijiazhuang
Postal Code: 050000
Telephone: 0311-86683329
Fax: 0311-86160079

Shanxi Branch

Address: 1st to 25th Floor, Building No. 1, No. 139 Pingyang Road, Taiyuan, Shanxi
Postal Code: 030001
Telephone: 0351-2112807
Fax: 0351-2112840

Inner Mongolia Branch

Address: Complex No. 2, the eighth District of Juhaicheng, the junction of Ordos Main Street and Dingxiang Road, Saihan District, Hohhot City, Inner Mongolia Autonomous Region
Postal Code: 010010
Telephone: 0471-6924787
Fax: 0471-6263020

Liaoning Branch

Address: No. 72 Beizhan Road, Shenhe District, Shenyang, Liaoning
Postal Code: 110013
Telephone: 024-31927017
Fax: 024-31927000

Jilin Branch

Address: No. 3266 South Ring Road, Nanguan District, Changchun, Jilin
Postal Code: 130000
Telephone: 0431-81285030
Fax: 0431-88985924

Heilongjiang Branch

Address: No. 55 West 14th Street, Daoli District, Harbin, Heilongjiang
Postal Code: 150010
Telephone: 0451-87656792
Fax: 0451-86209997

Shanghai Branch

Address: No. 1080 Dongdaming Road, Hongkou District, Shanghai
Postal Code: 200082
Telephone: 021-35966539
Fax: 021-63293120

Jiangsu Branch

Address: 3-36/F, Building 6, No. 399 Jiangdong Middle Road, Jianye District, Nanjing, Jiangsu
Postal Code: 210019
Telephone: 025-83797811
Fax: 025-83796099

Zhejiang Branch

Address: Building 6, Mingzhu International Business Center, No. 206 Wuxing Road, Shangcheng District, Hangzhou, Zhejiang
Postal Code: 310009
Telephone: 0571-87335016
Fax: 0571-85164911

Anhui Branch

Address: PSBC Hefei Base Building G, No. 7389 Huizhou Avenue, Hefei, Anhui
Postal Code: 230092
Telephone: 0551-62256516
Fax: 0551-62256677

List of Organizations

Fujian Branch

Address: No. 101 Gutian Road, Gulou District, Fuzhou, Fujian
Postal Code: 350005
Telephone: 0591-85163105
Fax: 0591-83373480

Jiangxi Branch

Address: PSBC Building, No. 969 Shimao Road, Honggutan New District, Nanchang, Jiangxi
Postal Code: 330038
Telephone: 0791-88891101
Fax: 0791-86730610

Shandong Branch

Address: Building No. 6, District 4, Hanyu Financial Business Center, No. 7000 Jingshi Road, Gaoxin District, Jinan, Shandong
Postal Code: 250102
Telephone: 0531-58558790
Fax: 0531-58558780

Henan Branch

Address: No. 59 Huayuan Road, Jinshui District, Zhengzhou, Henan
Postal Code: 450008
Telephone: 0371-69199191
Fax: 0371-69199191

Hubei Branch

Address: No. 183 Yunxia Road, Jianghan District, Wuhan, Hubei
Postal Code: 430022
Telephone: 027-65778565
Fax: 027-85722512

Hunan Branch

Address: No. 489 Furong Middle Road Section 1, Kaifu District, Changsha, Hunan
Postal Code: 410001
Telephone: 0731-85988267
Fax: 0731-85988345

Guangdong Branch

Address: Fengyuan Building, No. 1-3 Tiyu West Road, Tianhe District, Guangzhou, Guangdong
Postal Code: 510620
Telephone: 020-38186880
Fax: 020-38186666

Guangxi Zhuang Autonomous Region Branch

Address: No. 6 Gehai Road, Liangqing District, Nanning, Guangxi Zhuang Autonomous Region
Postal Code: 530201
Telephone: 0771-5836014
Fax: 0771-5836013

Hainan Branch

Address: No. 1 West Fourth Road, Dayingshan, Meilan District, Haikou, Hainan
Postal Code: 570203
Telephone: 0898-66556005
Fax: 0898-66788066

Chongqing Branch

Address: No. 5 Juxian Street, Jiangbei District, Chongqing
Postal Code: 400024
Telephone: 023-63859333
Fax: 023-63859222

Sichuan Branch

Address: No. 588 Tianfu Fourth Street, Gaoxin District, Chengdu, Sichuan
Postal Code: 610094
Telephone: 028-88619030
Fax: 028-88619020

Guizhou Branch

Address: North Tower 4, Financial City, Changling North Road, Guanshanhu District, Guiyang
Postal Code: 550081
Telephone: 0851-85208005
Fax: 0851-85258832

Yunnan Branch

Address: No. 388 Xuefu Road, Wuhua District, Kunming, Yunnan
Postal Code: 650033
Telephone: 0871-63318155
Fax: 0871-63326698

Xizang Autonomous Region Branch

Address: Buildings No. 1 and 3, Agudunba Cultural Square, west of Wencheng Avenue and south of Yuntian Road
Postal Code: 850013
Telephone: 0891-6911005
Fax: 0891-6911003

Shaanxi Branch

Address: Postal Information Building, No. 5 Tangyan Road, Gaoxin District, Xi'an, Shaanxi
Postal Code: 710075
Telephone: 029-88602848
Fax: 029-88602861

Gansu Branch

Address: No. 369 Qingyang Road, Chengguan District, Lanzhou, Gansu
Postal Code: 730030
Telephone: 0931-8429172
Fax: 0931-8429891

Qinghai Branch

Address: Building B, Qinghai Guotou Square, No. 32 Wenjing Street, Chengxi District, Xining, Qinghai
Postal Code: 810001
Telephone: 0971-8299172
Fax: 0971-8299178

Ningxia Hui Autonomous Region Branch

Address: No. 9 Jiefang West Road, Xingqing District, Yinchuan, Ningxia Hui Autonomous Region
Postal Code: 750001
Telephone: 0951-6920359
Fax: 0951-6920505

Xinjiang Uygur Autonomous Region Branch

Address: No. 239 Jiefang North Road, Urumqi, Xinjiang Uygur Autonomous Region
Postal Code: 830002
Telephone: 0991-2357992
Fax: 0991-2357988

Dalian Branch

Address: No. 191 Chengren Street, Shahekou District, Dalian, Liaoning
Postal Code: 116021
Telephone: 0411-84376601
Fax: 0411-84376688

Ningbo Branch

Address: Building No. 1, Yangfan Square, Gaoxin District, Ningbo, Zhejiang
Postal Code: 315010
Telephone: 0574-87950777
Fax: 0574-87950986

Xiamen Branch

Address: No. 238 2/F, 6/F, 7/F, Unit 802-09 and 19/F, Commercial Building of Panji Center, No. 1 Lianyue Road, Siming District, Xiamen, Fujian
Postal Code: 361012
Telephone: 0592-2205134
Fax: 0592-2206124

Qingdao Branch

Address: No. 222 Yan'an 3rd Road, Shinan District, Qingdao, Shandong
Postal Code: 266071
Telephone: 0532-83886609
Fax: 0532-83877070

Shenzhen Branch

Address: 41-44/F, Information Hub Building, Yitian Road, Futian District, Shenzhen, Guangdong
Postal Code: 518048
Telephone: 0755-22228000
Fax: 0755-22228002

List of Organizations

Majority-owned Subsidiaries

PSBC Consumer Finance Co., Ltd.

Address: 2/F, 8-12/F, 18/F, Tian Lun Holdings Building, No. 281 Linhe East Road, Tianhe District, Guangzhou, Guangdong
Postal Code: 510610
Telephone: 020-22361163
Fax: 020-22361004

PSBC Wealth Management Co., Ltd.

Address: No. 201 2/F, No. 301 3/F, No. 401 4/F, No. 501 5/F and No. 601 6/F, Building 6, Financial Street, Xicheng District, Beijing
Postal Code: 100033
Telephone: 010-89621800
Fax: 010-89621830

YOU+ BANK

Address: 25-26/F, No. 1080 Dongdaming Road, Hongkou District, Shanghai
Postal Code: 200082
Telephone: 95504

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