
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Postal Savings Bank of China Co., Ltd., you should at once hand this circular and the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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POSTAL SAVINGS BANK OF CHINA CO., LTD.

中國郵政儲蓄銀行股份有限公司

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

(Stock Code: 1658)

(Stock Code of Preference Shares: 4612)

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AND
NOTICE OF THE 2021 ANNUAL GENERAL MEETING**

Postal Savings Bank of China Co., Ltd. will convene the AGM at 10:00 a.m. on Tuesday, June 28, 2022 at the head office of the Bank (No. 3 Financial Street, Xicheng District, Beijing). The letter from the Board of Directors is set out on pages 3 to 13 of this circular. The notice of the AGM is set out on pages 14 to 16 of this circular.

Whether or not you are able to attend the AGM, you are advised to read the notice of the AGM. If you intend to appoint a proxy to attend the AGM, you are required to complete and return the enclosed proxy form in accordance with the instructions printed thereon. The proxy form should be returned to Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong) for H Shareholders, in any event served by hand or by post not less than 24 hours before the time designated for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof.

* *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.*

June 8, 2022

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions have the following meanings:

“A Share(s)”	ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each, which is (are) subscribed for and traded in RMB and listed on the Shanghai Stock Exchange
“AGM”	the 2021 annual general meeting to be convened by the Bank at 10:00 a.m. on Tuesday, June 28, 2022 at the Head Office of the Bank (No. 3 Financial Street, Xicheng District, Beijing)
“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”	Postal Savings Bank of China Co., Ltd., a joint stock limited liability company incorporated 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)
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“H Share(s)”	ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each, which is (are) subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange of Hong Kong
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Stock Exchange of Hong Kong”	The Stock Exchange of Hong Kong Limited
“Independent Non-executive Director(s)” or “Independent Director(s)”	the independent non-executive director(s) of the Bank

DEFINITIONS

“Latest Practicable Date”	June 1, 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Non-executive Director(s)”	the non-executive director(s) of the Bank
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)” or “Ordinary Share(s)”	the A Share(s) and H Share(s) of the Bank
“Shareholder(s)”	holder(s) of Shares of the Bank
“SSE”	Shanghai Stock Exchange
“Supervisor(s)”	the supervisor(s) of the Bank

LETTER FROM THE BOARD OF DIRECTORS



POSTAL SAVINGS BANK OF CHINA CO., LTD.

中國郵政儲蓄銀行股份有限公司

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

(Stock Code: 1658)

(Stock Code of Preference Shares: 4612)

Board of Directors:

Executive Directors:

Mr. Liu Jianjun (Acting on behalf of the

Chairman of the Board)

Mr. Zhang Xuewen

Ms. Yao Hong

Non-executive Directors:

Mr. Han Wenbo

Mr. Chen Donghao

Mr. Wei Qiang

Mr. Liu Yue

Mr. Ding Xiangming

Independent Non-executive Directors:

Mr. Fu Tingmei

Mr. Wen Tiejun

Mr. Chung Shui Ming Timpson

Mr. Hu Xiang

Ms. Pan Yingli

Registered Office:

No. 3 Financial Street,

Xicheng District,

Beijing, PRC

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre,

No. 248 Queen's Road East

Wan Chai,

Hong Kong

To the Shareholders:

Dear Sir or Madam,

I. INTRODUCTION

On behalf of the Board of Directors, I would like to invite you to attend the AGM to be convened at 10:00 a.m. on Tuesday, June 28, 2022 at the Head Office of the Bank (No. 3 Financial Street, Xicheng District, Beijing).

The purpose of this circular is to provide you with the notice of the AGM and all reasonably necessary information, to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

II. MATTERS TO BE CONSIDERED AT THE AGM

Ordinary resolutions which will be proposed at the AGM for approval include: (1) 2021 Work Report of the Board of Directors; (2) 2021 Work Report of the Board of Supervisors; (3) Final Financial Accounts for 2021; (4) Profit Distribution Plan for 2021; (5) Budget Plan of Fixed Asset Investment for 2022; (6) Appointment of Accounting Firms for 2022; (7) Authorization to Deal with the Purchase of Liability Insurance for Directors, Supervisors and Senior Management Members of A Shares and H Shares; (8) Directors' Remuneration Settlement Plan for 2020; and (9) Supervisors' Remuneration Settlement Plan for 2020.

LETTER FROM THE BOARD OF DIRECTORS

Special resolutions which will be proposed at the AGM for approval include: (10) Issuance of Write-down Undated Capital Bonds; (11) Extension of the Terms of Validity of the Resolution and the Authorization on the Issuance of Qualified Write-down Tier 2 Capital Instruments; and (12) General Mandate by the Shareholders' General Meeting to the Board of Directors on Share Issuance.

Pursuant to the relevant regulatory requirements, the Articles of Association and the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors of Postal Savings Bank of China Co., Ltd., 2021 Work Report of Independent Directors of Postal Savings Bank of China Co., Ltd., Report on the 2021 Evaluation of the Substantial Shareholder of Postal Savings Bank of China Co., Ltd., Report on the Implementation of the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors of Postal Savings Bank of China Co., Ltd. in 2021 and Report on the 2021 Special Report on Related Party Transactions of Postal Savings Bank of China Co., Ltd. are matters to be reported to the AGM and do not require Shareholders' approval. Please refer to Appendix III, Appendix IV, Appendix V and Appendix VI for details.

Ordinary Resolutions:

1. 2021 Work Report of the Board of Directors

The 2021 Work Report of the Board of Directors was deliberated on and approved by the Board of Directors on March 30, 2022 and is hereby proposed to the AGM for Shareholders' deliberation and approval. For details of the Work Report of the Board of Directors, please refer to Appendix I.

2. 2021 Work Report of the Board of Supervisors

The 2021 Work Report of the Board of Supervisors was deliberated on and approved by the Board of Supervisors on March 30, 2022 and is hereby proposed to the AGM for Shareholders' deliberation and approval. For details of the Work Report of the Board of Supervisors, please refer to Appendix II.

3. Final Financial Accounts for 2021

The Final Financial Accounts for 2021 was deliberated on and approved by the Board of Directors on March 30, 2022 and is hereby proposed to the AGM for Shareholders' deliberation and approval. For details of the Final Financial Accounts for 2021, please refer to the annual results announcement published by the Bank on March 30, 2022.

4. Profit Distribution Plan for 2021

Pursuant to relevant laws and regulatory requirements, the profit distribution plan for 2021 has been formulated as follows:

- (I) RMB7.417 billion will be appropriated as the statutory surplus reserve pursuant to the Company Law of the PRC.
- (II) RMB27.083 billion will be appropriated as the general risk reserve pursuant to relevant requirements, including the Administrative Measures for Provisioning of Financial Enterprises issued by the Ministry of Finance.
- (III) On the basis of 92,383,967,605 Ordinary Shares of the total share capital of the Bank, RMB22.856 billion (tax included) of cash dividends will be distributed to all the ordinary Shareholders whose names appeared on the share register on the record date with RMB2.474 (tax included) per ten Ordinary Shares, accounting for 30% of the net profit attributable to equity holders of the Bank under the consolidated statements. Among them, dividends on A Shares will be paid in RMB; dividends on H Shares will be paid in Hong Kong Dollars, converted at the central parity rate of RMB against Hong Kong Dollars published by the People's Bank of China on the date of the 2021 AGM of the Bank.

LETTER FROM THE BOARD OF DIRECTORS

(IV) No capital reserve will be converted to increase the share capital of the Bank.

The Profit Distribution Plan for 2021 was deliberated on and approved by the Board of Directors on March 30, 2022 and is hereby proposed to the AGM for Shareholders' deliberation and approval.

5. *Budget Plan of Fixed Asset Investment for 2022*

According to the Bank's development strategy, the Bank's fixed asset investment in 2022 aims to strengthen technological empowerment and promote high-quality development. It intends to arrange a fixed asset investment budget of RMB14.512 billion, focusing on supporting investment in technology, promoting digital transformation, enhancing operational support capacity, and providing guarantee for the construction of productive infrastructure. In order to realize coordinated management of the fixed asset investment budget in 2022, it is proposed that the Shareholders' General Meeting authorizes the Board of Directors and the Board of Directors authorizes the President of the Bank to fine-tune the sub-investment budgets according to business development needs within the total investment budget of the year, so as to ensure the implementation of the total investment budget.

The Budget Plan of Fixed Asset Investment for 2022 was deliberated on and approved by the Board of Directors on April 29, 2022 and is hereby proposed to the AGM for Shareholders' deliberation and approval.

6. *Appointment of Accounting Firms for 2022*

Reference is made to the announcement of the Bank dated April 29, 2022 in relation to re-engagement of accounting firms.

The Bank intended to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the accounting firms of the Bank for 2022, which are responsible for providing audit and related services for the Bank's financial statements compiled in accordance with the Chinese Accounting Standards for Business Enterprises and International Financial Reporting Standards, respectively, in 2022, and their terms of office will expire at the end of the next AGM of the Bank. The proposed audit fee is RMB29.8 million, including internal control audit fee of RMB1.8 million.

The proposal of Appointment of Accounting Firms for 2022 was deliberated on and approved by the Board of Directors on April 29, 2022 and is hereby proposed to the AGM for Shareholders' deliberation and approval.

7. *Authorization to Deal with the Purchase of Liability Insurance for Directors, Supervisors and Senior Management Members of A Shares and H Shares*

The Bank has purchased liability insurance for its Directors, Supervisors and Senior Management ("**D&O liability insurance**") since its listing, so as to protect their legitimate rights and interests and manage the risk of duty performance. The previous D&O liability insurance will expire in September 2022. The re-insurance arrangement is detailed below:

The D&O liability insurance mainly covers Directors, Supervisors and Senior Management of the Bank. The term of each insurance contract is one year, and is renewable on a yearly basis. The insurance coverage shall not exceed USD50 million (or equivalent RMB amount) per year, and the insurance is in the form of a basic layer of no more than USD20 million, and an excess loss layer of USD20 million or more up to USD50 million, while each layer is to be jointly insured by different

LETTER FROM THE BOARD OF DIRECTORS

insurance companies. After overall assessment of the Bank's insurance terms, insurance amount, financial situation, corporate structure, etc., the insurance premium shall not exceed USD300,000 (or equivalent RMB amount) per year.

It is hereby proposed at the Shareholders' General Meeting to authorize the Board of Directors to:

- (I) decide on the matters concerning the purchase of the D&O liability insurance on the premise that the coverage range is not reduced in principle and the insurance premium does not exceed USD300,000 (or equivalent RMB amount) per year.
- (II) decide on the matters concerning the purchase of D&O liability insurance in subsequent years under the principles of rationality and fairness before the expiration of the insurance contract every year, on the premise that the scope of coverage is not reduced in principle.
- (III) agree with the Board of Directors on authorizing the Chairman, the President or other persons authorized by the Chairman or the President to jointly or individually deal with the specific matters concerning the purchase of D&O liability insurance every year (including but not limited to determining the method of insurance purchase, determining the insurance company, determining the amount of insurance, premium and other insurance terms, selecting and engaging the insurance brokerage companies or other intermediaries, signing relevant legal documents and handling other related matters, etc.).
- (IV) The authorization for aforementioned items (I) to (III) shall be valid for 5 years.

The proposal of Authorization to Deal with the Purchase of Liability Insurance for Directors, Supervisors and Senior Management Members of A Shares and H Shares was deliberated on and approved by the Board of Directors on May 30, 2022 and is hereby proposed to the AGM for Shareholders' deliberation and approval.

8. *The Directors' Remuneration Settlement Plan for 2020*

According to the Directors' remuneration plan and the relevant regulations, taking into account the Bank's strategic performance appraisal and the performance of the Directors in 2020, the remuneration settlement plan of the Bank's Directors for 2020 is formulated as follows:

Unit: RMB0'000

Name	Title	Remuneration from the Bank before tax in 2020			Obtain remuneration from Shareholder' companies or other related parties or not during the tenure in 2020
		Remuneration payable	Contribution by the employer to Social insurance, housing provident fund, enterprise annuity, etc.	Other monetary income	
Liu Jianjun	Executive Director, President	-	-	-	-
Zhang Xuewen	Executive Director, Vice President	179.25	18.89	-	No
Yao Hong	Executive Director, Vice President	162.78	18.61	-	No
Han Wenbo	Non-executive Director	-	-	-	Yes

LETTER FROM THE BOARD OF DIRECTORS

Name	Title	Remuneration from the Bank before tax in 2020			Obtain remuneration from Shareholder' companies or other related parties or not during the tenure in 2020
		Remuneration payable	Contribution by the employer to Social insurance, housing provident fund, enterprise annuity, etc.	Other monetary income	
Chen Donghao	Non-executive Director	-	-	-	-
Wei Qiang	Non-executive Director	-	-	-	-
Liu Yue	Non-executive Director	-	-	-	Yes
Ding Xiangming	Non-executive Director	-	-	-	Yes
Fu Tingmei	Independent Non-executive Director	46.00	-	-	Yes
Wen Tiejun	Independent Non-executive Director	46.00	-	-	No
Chung Shui Ming Timpson	Independent Non-executive Director	43.00	-	-	Yes
Hu Xiang	Independent Non-executive Director	44.00	-	-	Yes
Pan Yingli	Independent Non-executive Director	44.00	-	-	Yes
Resigned Personnel					
Zhang Jinliang	Former Chairman, Non-executive Director	-	-	-	Yes
Guo Xinshuang	Former Executive Director, President	-	-	-	Yes
Tang Jian	Former Non-executive Director	-	-	-	Yes
Liu Yaogong	Former Non-executive Director	-	-	-	Yes

Notes:

- (1) The remuneration disclosed in the above table is all pre-tax remuneration payable to Directors of the Bank during the reporting period (excluding the performance-based annual remunerations paid in 2020 for the previous years), which includes the amount disclosed in the Bank's 2020 Annual Report.
- (2) Among the remuneration (before tax) of relevant Directors, the payment of part of performance-based annual remunerations is deferred for a three-year period and the proportion payable each year is one-third of the amount. The Bank will annul part or all of the unpaid amount should any excessive risk exposure emerge within their respective duties during the deferral period in accordance with the severity of the events. In case of serious events, the Bank will reclaim the relevant remuneration that has been paid.
- (3) Non-executive Directors Mr. Han Wenbo, Mr. Liu Yue, and Mr. Ding Xiangming did not receive remuneration from the Bank in 2020.
- (4) Mr. Zhang Jinliang, former Chairman and Non-executive Director, received remuneration from China Post Group Corporation Limited, the controlling Shareholder of the Bank, and did not receive remuneration from the Bank in 2020.
- (5) Mr. Guo Xinshuang, former Executive Director and President of the Bank, received remuneration from China Post Group Corporation Limited, the controlling Shareholder of the Bank, and did not receive remuneration from the Bank in 2020.
- (6) Former Non-executive Directors Mr. Tang Jian and Mr. Liu Yaogong did not receive remuneration from the Bank in 2020.
- (7) Please refer to the Bank's 2020 and 2021 annual reports for the terms of office of the Directors.

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The Directors' Remuneration Settlement Plan for 2020 was deliberated on and approved by the Board of Directors on December 23, 2021 and is hereby proposed to the AGM for Shareholders' deliberation and approval.

9. The Supervisors' Remuneration Settlement Plan for 2020

According to the Supervisors' Remuneration Plan and the relevant regulations, taking into account the Bank's strategic performance appraisal and the performance of the Supervisors in 2020, the remuneration settlement plan of the Bank's Supervisors for 2020 is formulated as follows:

Unit: RMB0'000

Name	Title	Remuneration from the Bank before tax in 2020			Obtain remuneration from shareholder' companies or other related parties or not during the tenure in 2020
		Remuneration payable	Contribution by the employer to social insurance, housing provident fund, enterprise annuity, etc.	Other Monetary income	
Chen Yuejun	Chairman of the Board of Supervisors, Shareholder Representative Supervisor	171.86	18.73	-	No
Zhao Yongxiang	Shareholder Representative Supervisor	-	-	-	Yes
Wu Yu	External Supervisor	30.00	-	-	Yes
Bai Jianjun	External Supervisor	30.00	-	-	Yes
Chen Shimin	External Supervisor	30.00	-	-	Yes
Li Yue	Employee Supervisor	-	-	-	No
Bu Dongsheng	Employee Supervisor	-	-	-	No
Gu Nannan	Employee Supervisor	-	-	-	-
Resigned Personnel					
Li Yujie	Former Shareholder Representative Supervisor	-	-	-	Yes
Song Changlin	Former Employee Supervisor	-	-	-	No

Notes:

- (1) The remuneration disclosed in the above table is the all pre-tax remuneration payable to the Bank's Supervisors during the reporting period (excluding the performance-based annual remunerations paid in 2020 for the previous years), which includes the amount disclosed in the Bank's 2020 Annual Report.
- (2) Among the remuneration (before tax) of Mr. Chen Yuejun, Chairman of the Board of Supervisors and Shareholder Representative Supervisor, the payment of part of performance-based annual remunerations is deferred for a three-year period and the proportion payable each year is one third of the amount. The Bank will annul part or all of the unpaid amount should any excessive risk exposure emerge within his duty during the deferral period in accordance with the severity of the events. In case of serious events, the Bank will reclaim the relevant remuneration that has been paid.
- (3) Mr. Zhao Yongxiang, Shareholder Representative Supervisor of the Bank, did not receive remuneration from the Bank in 2020.
- (4) Employee Supervisors of the Bank did not receive remuneration from the Bank as Employee Supervisors, and the remuneration due to them as employees of the Bank is not included here.

LETTER FROM THE BOARD OF DIRECTORS

- (5) Mr. Li Yujie, former Shareholder Representative Supervisor of the Bank, did not receive remuneration from the Bank in 2020.
- (6) Mr. Song Changlin, former Employee Supervisor of the Bank, did not receive remuneration from the Bank as Employee Supervisor, and the remuneration due to him as employee of the Bank is not included here.
- (7) Please refer to the Bank's 2020 and 2021 annual reports for the terms of office of the Supervisors.

The Supervisors' Remuneration Settlement Plan for 2020 was deliberated on and approved by the Board of Supervisors on December 23, 2021 and is hereby proposed to the AGM for Shareholders' deliberation and approval.

Special Resolutions:

10. Issuance of Write-down Undated Capital Bonds

To further reinforce capital strength, maintain sufficient capital adequacy, improve risk resistance and sustainable development capabilities, the Bank intends to issue write-down undated capital bonds, as detailed below:

I. Key points of issue plan

Subject to the approval of relevant regulatory authorities, the Bank shall issue write-down undated capital bonds in accordance with the terms and conditions hereunder:

(I) Issuance scale

The capital to be raised under this issue shall not exceed RMB90 billion (inclusive) or equivalent amount in foreign currency.

(II) Type of instruments

The write-down undated capital bonds, which meet the relevant requirements as stipulated in the Capital Rules for Commercial Banks (Trial), can be used to replenish the capital of commercial banks.

(III) Target markets

Domestic and overseas markets.

(IV) Tenor

The bonds shall be effective during the duration of the ongoing operation of the Bank.

(V) Means of loss absorption

In case of trigger events specified in the issuance documents, the loss shall be absorbed through a write-down mechanism.

(VI) Interest rate

To be determined with reference to market interest rates.

LETTER FROM THE BOARD OF DIRECTORS

(VII) Use of proceeds

To replenish additional Tier 1 capital of the Bank.

(VIII) Term of validity of the resolution

Effective within 36 months from the date of approval by the Shareholders' General Meeting.

II. Relevant authorization

(I) To ensure the smooth issuance of the write-down undated capital bonds, authorization is hereby proposed to be granted by the Shareholders' General Meeting to the Board and for the delegation of authority from the Board to the Chairman, the President or other persons authorized by the Chairman or the President, within the duration of the authorization, in the framework and principles adopted at the Shareholders' General Meeting, to jointly or individually determine and deal with all matters related to the issue of such write-down undated capital bonds in accordance with the related regulations and approval requirements promulgated by relevant regulatory authorities, and the content and scope of such authorization include but not limited to:

1. deciding on the specific terms of such issue of write-down undated capital bonds, including but not limited to the time, manner, phase, scale, currency, interest rate, market and recipient of such issue;
2. dealing with all related matters of such issue, including but not limited to: modify, sign, perform all agreements, contracts and files related to such issue, engage intermediary agency to cope with the reporting and filing to regulators;
3. such authorization shall be effective within 36 months from the date of approval by the Shareholders' General Meeting.

(II) Authorization is hereby proposed to be granted by the Shareholders' General Meeting to the Board and for the delegation of authority from the Board to the Chairman, the President or other person authorized by the Chairman or the President, in the duration of such write-down undated capital bonds, to jointly or individually deal with all matters related to the interest payment, redemption and write-down in accordance with the related regulations and approval requirements promulgated by relevant regulatory authorities.

The proposal of the Issuance of Write-down Undated Capital Bonds was deliberated on and approved by the Board of Directors on May 30, 2022, and is hereby proposed to the AGM for Shareholders' deliberation and approval.

II. Extension of the Terms of Validity of the Resolution and the Authorization on the Issuance of Qualified Write-down Tier 2 Capital Instruments

The Proposal on the Issuance of Qualified Write-down Tier 2 Capital Instruments by Postal Savings Bank of China was considered and approved at the 2021 first extraordinary General Meeting of the Bank, which agreed that, subject to the approval of the relevant regulatory authorities, the Bank shall issue qualified write-down tier 2 capital instruments with an aggregate amount of no more than RMB150 billion (inclusive) or equivalent in foreign currencies. The issuance resolution shall

LETTER FROM THE BOARD OF DIRECTORS

be valid for a period of 24 months from the date of approval at the Shareholders' General Meeting. At the same time, in order to ensure the successful issuance of the qualified write-down Tier 2 capital instruments, the Shareholders' General Meeting authorized the Board, and approved that the Board delegated the aforesaid authorization to the Chairman and the President to individually or jointly exercise the full power to decide on and deal with matters in relation to the issuance of qualified write-down Tier 2 capital instruments (the "Issue Mandate") within the validity period of authorization for the issuance of the qualified write-down Tier 2 capital instruments in compliance with the rules and approval requirements promulgated by relevant regulatory authorities and under the framework and principles as considered and approved at the Shareholders' General Meeting. Such authorization shall be valid from the date of approval of the issuance of qualified write-down Tier 2 capital instruments by the Shareholders' General Meeting to March 31, 2023. The Shareholders' General Meeting authorized and approved that the Board delegated the authorization to the Chairman and the President to individually or jointly exercise the full power to deal with all the related matters such as interest payment, redemption and write-down, pursuant to the rules and approval requirements promulgated by relevant regulatory authorities (collectively referred to as the relevant authorizations together with the issue mandate) within the duration of qualified write-down Tier 2 capital instruments.

As of the Latest Practicable Date, the Bank has completed the issuance of Tier 2 capital bonds of RMB100 billion. In order to have more flexibility in the issuance options and reasonably grasp the trends of the market interest rate and the pace of capital replenishment, it is hereby proposed to the Shareholders' General Meeting to agree to extend the terms of validity of the above resolution and the Issue Mandate to three years from the date of approval of the adjustment at the Shareholders' General Meeting.

Save for the above changes, other contents of the issuance plan and the relevant authorizations shall remain unchanged.

The Proposal regarding the extension of the terms of validity of resolution and the authorization on the issuance of qualified write-down tier 2 capital instruments was reviewed and approved by the Board of Directors on March 30, 2022 and is now submitted to the AGM for Shareholders' consideration and approval.

12. General Mandate by the Shareholders' General Meeting to the Board of Directors on Share Issuance

In order to safeguard the operations and development of our businesses and the long-term interests of our Shareholders, and to properly manage capital, it is hereby proposed to the Shareholders' General Meeting to grant the General Mandate to the Board, to separately or concurrently allot, issue and deal with additional A Shares and/or H Shares, preference shares and/or options (including warrants, convertible bonds and other securities with rights to subscribe for or convert into shares) up to a maximum of 20 percent of the respective number of A Shares and H Shares in issue on the date of the General Mandate being approved by the Shareholders' General Meeting, in accordance with the relevant laws and regulations, regulatory requirements of the place where the Bank's Shares are listed and the Articles of Association. The General Mandate is detailed as below:

- I. Subject to the conditions set out in paragraphs (I), (II) and (III) of this section, a General Mandate is unconditionally granted to the Board to exercise the full power during the Relevant Period (as hereinafter defined) to separately or concurrently allot, issue and deal with additional A Shares and/or H Shares and preference shares of the Bank, and to make

LETTER FROM THE BOARD OF DIRECTORS

or grant offers, agreements and/or options (including warrants, convertible bonds and other securities with rights to subscribe for or convert into shares) which require or may require an allotment of Shares:

- (I) Such mandate shall not extend beyond the Relevant Period except that the Board may, within the Relevant Period, make or grant offers, agreements, and/or options (including warrants, convertible bonds and other securities with rights to subscribe for or convert into shares) that are required or may be required to be conducted or exercised at or after the end of the Relevant Period;
 - (II) A Shares, H Shares and/or preference shares (being the number of A Shares and/or H Shares upon full conversion of preference shares at the compulsory conversion price) approved by the Board for allotment, issuance and disposal and the number of issuance under the offer, agreement and/or option made or granted (including warrants, convertible bonds and other securities with rights to subscribe for or convert into shares) (the above securities are calculated based on the number of A Shares and/or H Shares they are converted into/allotted), each shall not exceed 20% of the respective number of the Bank's A Shares and/or H Shares in issue as at the date when this Proposal was considered and approved at the Shareholders' General Meeting;
 - (III) The Board must comply with the relevant applicable laws, regulations and normative documents (including but not limited to relevant regulatory requirements of the place where the Bank's Shares are listed) and obtain the approval from the China Securities Regulatory Commission and/or other relevant PRC government authorities before exercising the General Mandate under this resolution.
- II. For the purpose of this Proposal, the "Relevant Period" refers to the period starting from the date when this Proposal is considered and approved at the Shareholders' General Meeting to the earliest of the following three dates:
- (I) at the conclusion of the Bank's next AGM; or
 - (II) the expiration date of 12 months after the date when this Proposal is considered and approved at the Shareholders' General Meeting; or
 - (III) the date on which the Bank's Shareholders approved a special resolution at the Shareholders' General Meeting to revoke or amend the authorization granted to the Board according to this Proposal.
- III. In accordance with the method, type, scale of the issuance and the capital structure of the Bank following the completion of the share issuance, among others, the Board is authorized to amend the Articles of Association as it deems appropriate and necessary so as to reflect the latest share capital structure and registered capital (as applicable); and to take any other necessary actions and to go through any necessary procedures (including but not limited to obtaining approval from relevant regulatory authorities and completing procedures for change of business registration particulars) in order to give effect to the issuance of shares pursuant to this resolution.

LETTER FROM THE BOARD OF DIRECTORS

- IV. To facilitate the issuance of shares, a Proposal is made to the Shareholders' General Meeting to approve the Board, provided that it has obtained the aforesaid authorization, to delegate the aforesaid authorization to the Chairman and the President of the Bank to jointly or individually deal with matters in relation to the issuance of shares under the General Mandate.

The Resolution on General Mandate by the Shareholders' General Meeting to the Board on Share Issuance was considered and approved by the Board on March 30, 2022 and is hereby submitted to the AGM for Shareholders' consideration and approval.

III. THE AGM

Enclosed is the form of proxy for the AGM.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. H Shareholders shall return the proxy form to Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong) by hand or by post not less than 24 hours before the time designated for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof.

In order to determine the name list of H Shareholders who are entitled to attend the AGM, the Bank's H Share register of members will be suspended from Thursday, June 23, 2022 to Tuesday, June 28, 2022 (both days inclusive). To attend the AGM, H Shareholders shall, before 4:30 p.m. on Wednesday, June 22, 2022, submit the share certificates and share transfer documents to 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.

IV. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a Shareholders' General Meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all resolutions proposed at the AGM will be voted by poll.

V. RECOMMENDATIONS

The Board considers that all resolutions proposed at the AGM are in the interests of the Bank and its Shareholders as a whole. As such, the Board recommends you to vote in favour of all resolutions to be proposed at the AGM.

Yours faithfully,
By order of the Board of Directors
Postal Savings Bank of China Co., Ltd.
Du Chunye
Joint Company Secretary

June 8, 2022

NOTICE OF THE 2021 ANNUAL GENERAL MEETING



POSTAL SAVINGS BANK OF CHINA CO., LTD.

中國郵政儲蓄銀行股份有限公司

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

(Stock Code: 1658)

(Stock Code of Preference Shares: 4612)

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting (the “AGM”) of Postal Savings Bank of China Co., Ltd. (the “Bank”) will be held at the Head Office of the Bank (No. 3 Financial Street, Xicheng District, Beijing) at 10:00 a.m. on Tuesday, June 28, 2022 to deal with the following matters:

ORDINARY RESOLUTIONS

1. To consider and approve the 2021 Work Report of the Board of Directors;
2. To consider and approve the 2021 Work Report of the Board of Supervisors;
3. To consider and approve the Final Financial Accounts for 2021;
4. To consider and approve the Profit Distribution Plan for 2021;
5. To consider and approve the Budget Plan of Fixed Asset Investment for 2022;
6. To consider and approve the Appointment of Accounting Firms for 2022;
7. To consider and approve the Authorization to Deal with the Purchase of Liability Insurance for Directors, Supervisors and Senior Management Members of A Shares and H Shares;
8. To consider and approve the Directors’ Remuneration Settlement Plan for 2020; and
9. To consider and approve the Supervisors’ Remuneration Settlement Plan for 2020.

SPECIAL RESOLUTIONS

10. To consider and approve the Issuance of Write-down Undated Capital Bonds;
11. To consider and approve the Extension of the Terms of Validity of the Resolution and the Authorization on the Issuance of Qualified Write-down Tier 2 Capital Instruments; and
12. To consider and approve the General Mandate by the Shareholders’ General Meeting to the Board of Directors on Share Issuance.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

MATTERS TO BE REPORTED

13. 2021 Work Report of Independent Directors of Postal Savings Bank of China Co., Ltd.;
14. Report on the 2021 Evaluation of the Substantial Shareholder of Postal Savings Bank of China Co., Ltd.;
15. Report on the Implementation of the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors of Postal Savings Bank of China Co., Ltd. in 2021; and
16. Report on the 2021 Special Report on Related Party Transactions of Postal Savings Bank of China Co., Ltd.

By order of the Board of Directors
Postal Savings Bank of China Co., Ltd.
Du Chunye
Joint Company Secretary

Beijing, the PRC
June 8, 2022

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

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

Notes:

1. According to the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all resolutions proposed at the AGM will be voted by poll. After the AGM, relevant voting results will be published on the website of the Bank (www.psbc.com) as well as the disclosure website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).
2. A Shareholder entitled to attend and vote at the AGM announced to be convened herein is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy need not be a Shareholder of the Bank.
3. The proxy form together with notarized authorization letters of signatories or other authorization documents (if any) shall be invalid unless they are filled out and returned to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited not less than 24 hours before the time designated for holding the AGM or any adjournment thereof. The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish.
4. To determine the name list of H Shareholders entitled to attend the AGM, the Bank will suspend registration of transfer of H Shares from Thursday, June 23, 2022 to Tuesday, June 28, 2022 (both days inclusive). To attend the AGM, H Shareholders shall, before 4:30 p.m. on Wednesday, June 22, 2022, submit the share certificates and share transfer documents to 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.
5. For joint holders, only the one whose name stands first in the Register shall be entitled to attend the AGM and vote in respect thereof.
6. Shareholders or their proxies shall present their identity documents when attending the AGM:

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

- (1) Legal representatives of legal entity Shareholders who attend the meeting shall provide their valid personal identification, valid proof of their capacity as legal representatives and proof of identity as a Shareholder; where the legal representatives delegate others to attend the meeting, proxies of the Shareholder shall provide, in addition to the documents above, their valid personal identification and written form of proxy provided by the legal representatives (including those signed by an authorized person) according to laws. Where the other persons are authorized to attend the meeting by the legal entity Shareholders, they shall provide their valid personal identification, resolution of the authorization by the board of directors or other decision-making institution of legal entity Shareholders and proof of identity as a Shareholder.
 - (2) Natural person Shareholders who attend the meeting in person shall provide their valid personal identification and proof of identity as a Shareholder; where others are delegated to attend the meeting, proxies of Shareholders shall provide their valid personal identification, letters of attorney from the Shareholders and proof of the identity of their principal as Shareholders.
7. If the AGM considers and approves the Profit Distribution Plan for 2021, the Bank is expected to distribute 2021 dividends to A Shareholders and H Shareholders on Tuesday, July 12, 2022 and Wednesday, August 10, 2022, respectively. To determine the name list of H Shareholders entitled to receive 2021 dividends, the Bank will suspend registration of transfer of H Shares from Wednesday, July 6, 2022 to Monday, July 11, 2022 (both days inclusive). Shareholders whose names appear on the register of members of H Shares of the Bank after closing of trading on Monday, July 11, 2022 are entitled to receive 2021 dividends. Unregistered H Shareholders of the Bank who wish to qualify for the entitlement to the cash dividends proposed to distribute for 2021 are required to submit the share certificates and share transfer documents to 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 Tuesday, July 5, 2022.
8. According to the Articles of Association, if the number of shares of the Bank pledged by the Shareholder is equal to or greater than 50% of the shares held by such Shareholder in the Bank, the voting right attached to the pledged shares may not be exercised at the Shareholders' general meeting. Upon completion of the share pledge registration, the Shareholder shall timely provide the Bank with information relating to the share pledge.
9. In order to effectively implement the requirements of governments at all levels on the prevention and control of COVID-19, prevent crowds from gathering, protect the health of the Shareholders and the attendees, and safeguard the legitimate rights and interests of all Shareholders, the Bank recommends that A Shareholders choose to authorize the chairman of the meeting or the secretary of the Board to vote on their behalf, or to vote by means of online voting at the time. H Shareholders are recommended to choose to authorize the chairman of the meeting to vote on their behalf. If on-site participation is necessary, Shareholders and their proxies must pay attention to in advance and strictly abide by the rules and requirements of Beijing Municipality on declaration of health status, quarantine and observation during the COVID-19 response, present a valid negative nucleic acid test result within the preceding 48 hours, a green travel code and a green health QR code, and take a temperature test and fill out personal information faithfully and completely before entering the venue. Attendees are recommended to wear masks throughout the meeting and keep necessary social distance in accordance with the arrangements of the meeting.
10. Shareholders or their proxies attending the meeting shall be responsible for their own travelling and accommodation expenses.
11. The address of Computershare Hong Kong Investor Services Limited is 17M Floor and Shops 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong.
12. The address of the Bank's Registered Office is No. 3 Financial Street, Xicheng District, Beijing, the PRC.

Tel.: 86-10-68858158
Fax: 86-10-68858165

2021 WORK REPORT OF THE BOARD OF DIRECTORS

In 2021, the first year of the 14th Five-Year Plan period, the Board of Directors of the Bank upheld Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, carefully analyzed changes in domestic and international economic and financial situation, and fully implemented the decisions and arrangements of the CPC Central Committee and the State Council. Under the guidance of regulatory authorities and with the support of all Shareholders, the Board of Directors conscientiously performed its duties, grounded efforts in the new development stage, applied the new development philosophy, and created a new development pattern to advance high-quality development.

In 2021, the Bank acted under the general principle of pursuing progress while ensuring stability and maintained its growth momentum with optimized asset structure and enhanced profitability. The Bank realized double-digit growth in both operating income and net profit, recorded increase in both proportion and growth rate of fee and commission income and ensured stable and sound asset quality. During the year, the Bank achieved net profit attributable to Shareholders of RMB76.170 billion, up 18.65% year-on-year; ROE reached 11.86%, up 0.02 percentage point year-on-year; total assets amounted to RMB12.59 trillion, up 10.87% from the end of the last year; the non-performing loan ratio was 0.82%, down 0.06 percentage point from the end of last year; the Allowance to NPLs ratio was 418.61%, up 10.55 percentage points from the end of last year. In the year, the Bank's excellent performance was recognized by the market. The Bank was listed among the top 20 for the first time in The Banker's list of "Top 1000 World Banks", and it ranked 15th in terms of tier 1 capital, up 7 positions compared with last year. It has been rated A+ and A1 this year by Fitch Ratings and Moody's Investors Service respectively, which are the same as China's sovereign credit ratings. It has been rated A with a stable outlook by S&P Global Ratings, and was rated Grade "A" in MSCI's ESG Ratings.

I. Comprehensively Strengthen the Leadership of the Party and Firmly Follow the Political Orientation of Reform and Development

Adhering to the Party leadership and strengthening the Party construction respectively serve as the "root" and "soul", which are the unique advantages of China's state-owned enterprises. The Bank firmly stuck to the principles of "the Party's leadership over SOEs" and "establishing a modern enterprise system", continued to promote the organic integration of the Party's leadership and corporate governance and firmly followed the political orientation of building of a first-tier large retail bank, through combining the decisions and arrangements of the CPC Central Committee and the State Council with the corporate governance practice in planning major strategies, formulating major policies, making major deployment and promoting important tasks.

(I) Strengthen the Party's leadership and promote the organic integration of the Party's leadership with corporate governance

The Board of Directors continued to promote the organic integration of Party's leadership and corporate governance. **First**, the decision-making list of major matters was continuously improved, and the Board of Directors made decisions on major operation and management matters, and adhered to the procedure of study and discussion of major matters by the Party committee in advance. There were 46 pre-study topics by the Party committee throughout the year, giving full play to the role of the Party committee in setting the direction. **Second**, it made clear that the Strategic Planning Committee of the Board of Directors is responsible for reviewing and implementing the major decisions and arrangements of the CPC Central Committee and matters related to the development of inclusive finance, providing advice for the decision-making of the Board of Directors, and improving the working mechanism of the Board of Directors to study and implement the major decisions and arrangements of the CPC Central Committee. During the year, the Bank listened to reports on the implementation of inclusive finance policy in 2020 and the development plan in 2021,

as well as on the support for small and micro enterprises and the implementation of inclusive finance policy, so as to ensure that the major decisions and arrangements of the CPC Central Committee were effectively implemented in the Bank.

(II) Adhere to the original aspiration and mission and fully serve the major national strategies

In 2021, China accelerated the construction of a new development pattern in which domestic and overseas markets reinforce each other, with the domestic market as the mainstay. The Bank actively served the national development strategy, improved the quality and efficiency of financial services to the real economy, and promoted transformation and development.

First, the Bank took multiple measures to improve the quality and efficiency of rural revitalization services. It conscientiously implemented the decisions and arrangements of the CPC Central Committee and the State Council on the work concerning Sannong, implemented relevant regulatory requirements, formulated the Opinions of Postal Savings Bank of China on Serving Rural Revitalization During the 14th Five-Year Plan Period, strengthened the top-level design, clarified the working framework and implementation path of serving rural revitalization. It strengthened the financial services for Sannong in the new era of science and technology empowerment, took the digital transformation as the major task, optimized the allocation of financial resources, provided financial services to lower-tier markets, created a professional service system for agriculture, built a digital ecological bank serving rural revitalization, accelerated the high-quality development of financial business for Sannong, vigorously supported key entities and fields of rural revitalization, actively helped consolidate and expand the achievements of poverty alleviation, and supported the rural areas to achieve comprehensive revitalization. As at the end of 2021, the balance of loans granted to poverty alleviation areas (832 counties lifted out of poverty) amounted to RMB358.057 billion, an increase of RMB51.758 billion year-on-year. The balance of agriculture-related loans was RMB1.61 trillion, an increase of RMB198.445 billion year-on-year. In 2021, the number of micro loans disbursed online as a share of the Bank's total micro loans was nearly 95%.

Second, the Bank courageously assumed responsibilities and strengthened financial support for key areas of the national economy. It has continuously increased resources input in key areas such as the coordinated development of Beijing-Tianjin-Hebei region, Yangtze River Economic Belt, Guangdong-Hong Kong-Macau Greater Bay Area and the integration of the Yangtze River Delta. It supported the construction of Xiongan New Area, exclusively undertook the non-tax and e-bill blockchain project of Xiongan New Area, and realized the innovative application of the whole process from non-tax payment to treasury through e-CNY. It closely adhered to the strategy of expanding domestic demand and "dual circulation", and increased investment in new infrastructure, new urbanization initiatives and major projects, modern industrial chain & supply chain, strategic emerging industries, scientific and technological innovation, advanced manufacturing and other fields. As at the end of 2021, the Bank's balance of corporate loans in Beijing-Tianjin-Hebei region, Yangtze River Delta integration area, Yangtze River Economic Belt region and Guangdong-Hong Kong-Macau Greater Bay Area were RMB213.098 billion, RMB254.051 billion, RMB583.074 billion and RMB130.242 billion, respectively. The Bank's medium and long-term loans to the manufacturing sector increased by 42.72% in the whole year.

Third, the Bank stuck to original aspiration and solidly served small and micro enterprises and private economy. It issued a plan to enhance the ability to serve micro, small and medium-sized enterprises, improved the long-acting mechanism on "dare to lend, willing to lend, able to lend and good at lending", and increased credit support for key customer groups such as specialized and sophisticated enterprises that produce new and unique products, small and micro enterprises applying loans for the first time, upstream and downstream small and micro enterprises in the industrial chain, and technology-oriented small and micro enterprises; continued to promote the digital transformation of small and micro finance, constantly improved the competitive digital

products of “Easy Small and Micro Loan” and “Speedy Micro Loan”, launched “PSBC SMEs Partner Application” for mobile banking, and implemented the digital credit factory mode for MSEs. As at the end of 2021, the Banks’ balance of the inclusive finance loans to small and micro enterprises amounted to RMB960.602 billion, accounting for more than 14% of all loans in the Bank, one of the highest among major state-owned banks; the number of accounts with loan balance was 1.7107 million, with a net increase of around 102,400 in the whole year.

(III) Implement new regulatory requirements and improve the quality and efficiency of corporate governance operations

The Bank fully implemented the regulatory requirements in the field of corporate governance, such as the Corporate Governance Guidelines for Banking and Insurance Institutions. **First**, it carried out corporate governance evaluation against the new regulations, and listened to report on implementing of the Corporate Governance Guidelines for Banking and Insurance Institutions and Corporate Governance Status as well as report on the implementation of the reform measures of the Three-Year Action Plan for State-owned Enterprise Reform 2020-2022. **Second**, it continuously improved the corporate governance operation mechanism such as pre-meeting communication and post-meeting supervision of the Board of Directors on the implementation of resolutions, strengthened the capacity building of the Board of Directors, and refined the operation of corporate governance. **Third**, it implemented the regulatory requirements for equity management, such as the Measures for the Supervision of the Behavior of the Substantial Shareholders of Banking and Insurance Institutions (Trial) and the Notice on Further Strengthening the Management of Shareholders’ Commitment in Banking and Insurance Institutions, regulated the behavior of substantial Shareholder, strengthened the management of substantial Shareholder’s commitments, urged substantial Shareholder to perform its duties, enhanced the binding force of substantial Shareholder’s commitments, and consolidated the foundation of corporate governance.

II. Enhance Strategic Guidance and Endeavor to Open a New Chapter of High-quality Development

The Bank put a premium on strategic guidance. In light of changes in the macro environment, reshaped business models and aggravated business differentiation, and guided by the outline of China’s 14th Five-Year Plan, the Bank formulated its 14th Five-Year Plan Outline, so as to serve high-quality socioeconomic development through its own high-quality development.

(I) Properly formulate the 14th Five-Year Plan Outline and clarify development directions

A clear strategic plan is a guideline that leads the Bank toward common goals and promotes concerted efforts. At the new start in 2021, the Bank centered on the strategic vision of building “a first-tier large retail bank which is trustworthy, distinctive, prudent, safe, innovative, and with remarkable value” and constantly strengthened strategic management. **First**, the 14th Five-Year Plan Outline of Postal Savings Bank of China was formulated meticulously. The Bank comprehensively summarized the results and experience in the 13th Five-Year Plan period, held six special meetings on the 14th Five-Year Plan Outline, extensively collected and listened to suggestions from all parties, and solicited adequate opinions to ensure the rationality of the 14th Five-Year Plan Outline. The 14th Five-Year Plan Outline clarified the Bank’s development strategies, overall goals and implementation paths for the next five years, proposed strategic visions, goals and guidelines, established six special strategies, namely technology empowerment, deepening customer relationship, boosting the leapfrog growth of fee and commission income, building a strong bank with talents, safeguarding the bank through risk management, and coordinated development, and formulated main business strategies and eight supporting measures. **Second**, based on the strategic plan, the Bank made sub-plans, such as the plans for rural revitalization, IT, network security and online loans for the 14th Five-Year Plan period, to refine its development blueprint. **Third**, it

constantly monitored the implementation of key strategies, regularly listened to the assessment report on the annual implementation of the strategic plan, promoted the implementation of plans and measures, and effectively raised the efficiency of strategic management.

(II) Push forward FinTech development and reinforce technology empowerment

FinTech is the core driving force for achieving financial innovation and enhancing the efficiency of financial services. Therefore, the Bank highly valued IT development, kept increasing the input of technological resources, put more effort in the development of a professional IT team, fully expedited digital transformation, and constantly improved FinTech innovation. **First**, the Bank put forward the strategic vision of building a first-tier technology support system, realizing technology-driven development on all fronts, and constructing a digital ecology bank in the IT plan for the 14th Five-Year Plan period. It emphasized digital transformation as the major task and developed the blueprint for IT development and the roadmap for IT implementation for the 14th Five-Year Plan period from six aspects, that is, business architecture, application architecture, data architecture, technology architecture, FinTech and IT governance. In the meantime, it focused on the improvement of six technological capabilities, including scenario innovation, product R&D, risk prevention and control, data analysis, technological support and organizational governance, to comprehensively reinforce technology empowerment. **Second**, the Bank accelerated the development of IT systems and intensified technology application. It gave priority to the new-generation core system for personal banking business and accelerated the development of the new-generation system for mobile banking and the new-generation core systems for corporate banking business and credit cards. Additionally, it promoted the deep integration of business and technology, intensified big data empowerment, and supported scenario-based finance, personalized marketing, intelligent risk control and intelligent management. **Third**, in response to the digitalization trend, the Bank served the digital economy and pushed forward technical transformation. It fully met the People's Bank of China's general requirement for the building of an E-CNY system and completed the R&D of the architecture of an E-CNY ticket payment system for the Winter Olympics and an E-CNY APP offering new experience, which vigorously supported the development of an E-CNY ecosystem. **Fourth**, the Bank continuously improved data capabilities, grasped data governance from the source, and made great efforts to enhance data quality. By delving into application scenarios, it strengthened proactive data empowerment, sped up the building of a digital middle office, and supported the building of intelligent PSBC.

(III) Place a high value on talent team building and push forward transformation and development

High-quality development is inseparable from high-caliber talents. The Bank conscientiously adhered to General Secretary Xi Jinping's important speeches at a central conference on talent-related work, specified the strategy of building a strong bank with talents, furthered the reform of systems and mechanisms for talent development, and cultivated, introduced and utilized talents on all fronts in order to vigorously support the building of a first-tier large retail bank with adequate talent and intellectual support. **First**, in accordance with its strategies and business development needs, the Bank gave priority to the teams of operation and management, IT, retail finance, corporate finance, treasury and asset management, risk management and marketing, conducted key talent projects, constantly selected and cultivated leading talent for the Head Office, and unlocked the creativity of talent. **Second**, it built systematic and comprehensive talent assessment and utilization mechanisms, kept improving the employee career development system, guided employees to continuously improve their professional and business ability, assigned talents to appropriate posts, and gave full scope to talents. **Third**, a "Pilot Project" of talent pools was built. As at the end of 2021, the Bank reserved adequate talents by building senior, middle and grass-roots management talent pools, consisting of approximately 500, 4,500 and 14,000 people, respectively.

(IV) Promote corporate culture construction and pool collective strength for development

Corporate culture epitomizes PSBC's centennial value and constitutes more profound and long-lasting power that leads the Bank to build consensus and strive toward success in the new era. For that reason, the Bank has constantly promoted the development and publicity of corporate culture. **First**, The Bank promoted its corporate culture construction. It refined its corporate culture to make it simple, fresh, transparent, positive and commensurate with its development strategies. The release of the system of corporate culture concepts helped gather consensus among cadres and employees and aroused extensive attention of the industry. The "10 consensus of PSBCers" are hailed as a "Lucid Guide to Career Development" by media. **Second**, the publicity and implementation of corporate culture were strengthened. The Bank guided all its employees to combine corporate culture concepts with their work, incorporated corporate culture into organizational behaviour, leader behaviour and employee behaviour, and reflected corporate culture in its image, style and services. In the meantime, it promoted the effective implementation of corporate culture concepts in all tasks, encouraged and enhanced positive energy, and deepened the appeal and cohesion of corporate culture.

III. Reinforce Comprehensive Risk Management and Effectively Prevent Financial Risks

In 2021, the Bank, with the worst-case scenario in mind, followed the requirements of a prudent and sound risk appetite, and constantly perfected its comprehensive risk management system featuring "all aspects, whole process and entire staff". Also, it kept improving the internal control system, consolidated the foundation for compliant operation and management, gave full play to the role of audit supervision, and spared no effort to prevent and mitigate financial risks.

(I) Perfect comprehensive risk management and consolidate risk prevention and control

With the worst-case scenario in mind, the Bank adhered to the risk-oriented concept and achieved a long-term balance between steady growth and risk prevention. **First**, the advanced capital management approach was fully implemented. The first round of building and planning tasks of the advanced approach was fully completed. The systems of internal retail and non-retail assessment models were improved. Assessment governance was further deepened, and assessment results were applied more extensively. The Bank established a mechanism for the whole-lifecycle management of risk models and effectively improved the refined measurement of risk costs and capital. **Second**, the Bank accelerated the transformation and upgrading of comprehensive risk management. It further standardized the management of risk strategies, appetites and limits and strengthened the restraint and control of sensitive industries. Concurrently, the Bank deepened comprehensive risk management assessment, and further clarified the goals of improvement and optimization of comprehensive risk management. Additionally, it streamlined and improved the performance assessment regarding risk management, and fully implemented regulatory requirements, risk appetites and limits and professional risk management requirements. Moreover, the Bank constantly reinforced the policies and procedures for special risks, such as market risk, IT risk and business continuity, and endeavoured to consolidate the foundation, give full play to advantages and tackle weaknesses. **Third**, intelligent risk control was continuously improved. The Phase I system of PSBC Brain was launched. The building of technological platforms, such as the Phase II risk data mart and the retail credit anti-fraud system, was initiated successively. Applications such as automatic approval, differentiated pricing and precise post-lending early warning were constantly promoted. The Bank continuously expanded the application scenarios of intelligent risk control, completed the exclusive risk control models for multiple agriculture-related scenarios, supported the online and offline loans and active credit granting for agriculture, rural areas, and farmers, and promoted rural revitalization.

(II) Enhance capital management and value creation

The Bank centered on capital planning, constantly improved the refined management of economic capital, shored up the proactive management mechanism for economic capital, and effectively heightened value creation. **First**, the Bank further improved internal accumulation, optimized the capital allocation mechanism with risk-adjusted return on capital (“RAROC”) as the core indicator, channeled resources to businesses with high returns, and strictly controlled the growth of inefficient assets. Besides, the Bank became more aware of capital saving and value creation and kept optimizing its business structure. **Second**, it supplemented capital via external channels in an orderly manner. In the first quarter of 2021, the Bank issued A Shares of RMB30 billion non-publicly and perpetual bonds of RMB30 billion. In addition, it obtained the approval documents regarding the issuance of tier 2 capital bonds of RMB150 billion from the CBIRC and the People’s Bank of China (“PBOC”), and completed the bookkeeping and issuance of tier 2 capital bonds of RMB60 billion in August, which further reinforced its capital strength and strongly supported its business development. By the end of 2021, the Bank’s core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 9.92%, 12.39% and 14.78%, respectively, by the consolidated standard, all of which increased effectively from the beginning of the year.

(III) Improve internal control compliance and enhance audit supervision

The Bank constantly improved the internal control system, intensified internal control measures, reinforced the supporting measures for internal control, and gave full play to audit supervision. **First**, the reports on internal control and compliance, internal control assessment and anti-money laundering were regularly reviewed. Compliance, anti-money laundering and case management were continuously strengthened, and the foundation for compliant business management was solidified. **Second**, the Bank implemented the major decisions and plans of the Party and the central government and all regulatory requirements, centered on the prevention and mitigation of economic and financial risks, and enhanced the audit over high-risk fields. Additionally, it closely monitored key regions, fields, businesses and customers, conducted special audits over all businesses in a forward-looking manner, and gave full play to the role of audit supervision. **Third**, the Bank applied audit results more extensively, promoted the rectification and accountability of audit findings, urged institutions at all levels to perform their responsibility for rectification, pushed forward audit supervision to achieve better results, and gave full play to the supervisory role of audit as the third line of defense.

(IV) Standardize the management of connected transactions and ensure compliant and prudent operations

The Bank strictly observed the regulations and rules of the CBIRC, the China Securities Regulatory Commission (“CSRC”), the Hong Kong Stock Exchange and the SSE, constantly improved the management mechanism for connected transactions, strictly fulfilled obligations related to information disclosure, and further enhanced the management of connected transactions. **First**, it further reinforced the information management mechanism for related parties, defined the scope of related parties in strict compliance with regulatory requirements, constantly updated the list of related parties, and consolidated the foundation for the management of connected transactions. **Second**, the Bank regularly organized special training on the management of connected transactions, raised the awareness of legal compliance regarding the management of connected transactions, and strengthened the management of connected transactions. **Third**, special reports on the implementation of the management policies for connected transactions and the progress of connected transactions were regularly made to the Shareholders’ General Meeting to ensure the standardized operation of such transactions.

IV. Implement New Concepts of Development and Constantly Promote ESG Development

In 2021, the Bank earnestly promoted ESG development, explored the incorporation of the ESG concept into its development strategies, governance structure, corporate culture and business procedures, and made information disclosure more transparent. In the meanwhile, it focused on investor relations, kept improving the system of green financial services, and fulfilled its responsibility as a major state-owned bank in China.

(I) Uphold the concept of green development and support carbon peaking and carbon neutrality

“Lucid waters and lush mountains are invaluable assets.” PSBC has always stuck to a green image, vigorously developed sustainable finance, green finance and climate financing and promoted the building of a green bank. The special “PSBC Green” image is commonly found in urban and rural areas. The Bank aims to contribute to the goals of carbon peaking and carbon neutrality, drive green development, and contribute to the building of China into a country with a favorable environment. **First**, it incorporated green finance into its overall strategies, thoroughly implemented the major decisions and plans of the CPC Central Committee regarding carbon peaking and carbon neutrality, and endeavoured to become a first-tier green inclusive finance bank, climate-friendly bank and eco-friendly bank. The Key Points of Building a Green Bank of Postal Savings Bank of China for 2021 and the Comprehensive Financial-service Plan for Achieving Carbon Peaking and Carbon Neutrality of Postal Savings Bank of China were formulated to specify the objectives, key tasks and priorities of building a green bank and arrange the carbon neutrality business. Meanwhile, it explored experience in the building of a carbon-neutral bank by establishing carbon-neutral branches, green branches and the Green Finance Department. **Second**, the Bank adopted the Principles for Responsible Banking (“PRB”), joined the UN Environment Program Finance Initiative (“UNEP FI”), and became the second Chinese-funded state-owned large commercial bank that signed the PRB. Besides, it became a supporting institution of the Task Force on Climate-related Financial Disclosures (“TCFD”) and published STOXX PSBC China A ESG Index together with Deutsche Börse Group. **Third**, the Bank introduced innovative climate-friendly green financial products and underwrote China’s first sustainability-linked debt financing plan and first ultra-short-term carbon neutrality bond. Moreover, it, as the lead underwriter, independently underwrote the first carbon neutrality interbank debt financing instrument issued by Beijing state-owned enterprises, invested in the country’s first green personal auto loan-backed securities, issued China’s first loan pledged by the right over incomes from carbon sink, and promoted financial products, such as Liangshan Loan (loans following the philosophy that lucid waters and lush mountains are invaluable assets) and Ecological Loan. As at the end of 2021, its outstanding green loans were RMB372.294 billion, up by 32.52% from the end of the previous year. **Fourth**, the Bank constantly perfected its incentive and restraint mechanisms, input more resources into performance assessment, product innovation, credit scale, economic capital, internal funds transfer pricing (“FTP”), review and approval, internal audit and on-site inspection, and vigorously supported the key fields of carbon peaking and carbon neutrality. **Fifth**, it strengthened ESG risk management, continuously improved regulations, policies, procedures and architecture, and perfected the tools and means for ESG risk identification, measurement, monitoring and management. Through the “Jinjing” (Gold Eye) system, it enhanced the ESG risk inspection over the existing business and explored the carbon accounting for corporate customers. **Sixth**, it incorporated energy conservation goals into routine work and tasks, actively adopted measures to reduce the total energy consumption, thoroughly promoted paperless office, advocated waste classification, and advanced resource recycling. In addition, it enhanced the green operations of outlets and constantly promoted green operations and green office.

(II) Take the initiative to fulfill corporate social responsibilities and constantly carry out public welfare activities

Under the concept of “benefiting the people in both urban and rural areas”, the Bank kept in mind its social responsibilities and kept improving its corporate social responsibilities management. **First**, a long-acting mechanism for consumer protection was established. The Bank regularly reviewed reports, performance assessment and special audit on consumer protection, guided the formulation of annual work plans, and constantly stepped up the research and guidance of the key tasks of consumer protection, such as personal information protection, complaint management and compliant operations. In response to regulatory policies and requirements, as well as issues and opinions from regulatory assessment and customer complaints, the Bank conducted pertinent rectification. The Bank achieved an upgraded rating in the annual assessment of consumer protection by the PBOC and the CBIRC. **Second**, the Bank redoubled its effort to fulfill responsibilities and supported post-disaster reconstruction. The Bank earnestly fulfilled its corporate social responsibilities as a major state-owned bank in China in 2021, by donating more than RMB36 million to natural disaster relief, poverty alleviation and veteran care. Particularly, it donated RMB20 million to support the disaster relief and post-disaster reconstruction of rainstorm-hit Henan Province. **Third**, constant efforts were made to establish a public welfare brand. In 2021, PSBC Love Charity Foundation continued to support education. It continued PSBC Love Class of Self-Commitment program and PSBC Love Scholarship and launched PSBC Love Caring Package and PE Classroom Donation program, providing financial aid and other support for the growth and development of students in economically underdeveloped areas.

(III) Continuously enhance equity management and protect minority Shareholders’ rights and interests

The Bank actively carried out multi-level and deep-level equity management by strengthening responsibility, perfecting systems, establishing systems, optimizing the structure and taking other measures. **First**, it formulated the Measures for the Equity Management of Postal Savings Bank of China to continuously improve the equity management mechanism. **Second**, it further strengthened shareholder management, constantly optimized the equity management system, paid close attention to shareholding and equity pledge of Shareholders, and promptly fulfilled the procedures to apply for approvals and report to regulatory bodies. **Third**, it continued to deepen long-term communication with Shareholders, built bridges for Shareholders, especially minority Shareholders, to participate in corporate governance, and focused on protecting Shareholders’ legitimate rights and interests.

(IV) Strengthen interaction with the capital market and deepen investor relations

The Bank was highly concerned with the interaction with the capital market, and maintained regular and flexible communication with the capital market in various forms through communication platforms such as results presentations and roadshows, surveys and summits, investors hotline and mailbox, and SSE E-interaction, in an effort to proactively communicate the reform and development situation and show the value of PSBC. The 2020 annual and 2021 interim results presentations were held in the form of “online video livestreaming + phone access + live text broadcast” to achieve full communication with the media, investors and the public. The 2020 annual results presentation was awarded “Excellent Case of 2020 Annual Report Results Presentations by Listed Companies” by the China Association for Public Companies. Throughout the year, the Bank held 4 performance promotion meetings, organized 46 roadshows online, attended 23 investment forums and summits, and received visits of 56 surveys in total. We communicated with domestic and overseas investors and analysts by 1,650 person-times through the accumulated 125 meetings, actively responded to the concerns of small and medium investors through the “SSE E-interaction Platform”, and answered 195 questions from investors throughout the year. It also proactively participated in the event of “2021 Collective Reception Day for Investors of Listed Companies in Beijing”, during which it

communicated with investors online on the platform of SSE Roadshow Center. In 2021, the international ratings and domestic ratings of the Bank remained unchanged, which was still in the lead in China's banking industry. Moreover, the Bank was honored with the "Best Investor Relations Award" and "Best Investment Value Award" in the selection for "2021 China Financing Awards" organized by the Hong Kong finance magazine China Financial Market.

(V) Tighten up information disclosure management and improve information disclosure level

The Bank insisted on information disclosure in a true, accurate, complete, timely and fair manner. **First**, adhering to the principle of providing clear, concise and easy-to-understand information, it continued to optimize the content disclosed in reports and innovated in the form of disclosure to improve readers' experience. With no corrections to major accounting errors and no material omission in 2021, the Bank was rated A (Excellent) by the Shanghai Stock Exchange in its evaluation on information disclosure work of listed companies of the year. **Second**, it expanded the scope and depth of voluntary information disclosure so as to protect the rights and interests of Shareholders, especially the minority Shareholders, and improve the transparency of corporate information. Centering on the concerns of the market and investors, it proactively released the strategic plans, core competitiveness, corporate culture, and business features and highlights of the Bank to demonstrate its differentiated competitive advantages. **Third**, it reviewed and revised the management measures for information disclosure, internal reporting of important information, preparation of regular reports, as well as insider information and insiders of the Bank in line with the latest regulatory requirements, established and put into use an information disclosure system, standardized the process of information transmission, enhanced the management of insider information and insiders, and optimized the information disclosure management system.

V. Strengthen Scientific Decision-making of the Board of Directors and Give Full Play to Directors' Professional Expertise

In 2021, the Board of Directors reinforced the coordination of issues under discussion, enhanced the communication before meetings and supervision over implementation after meetings, and continuously improved the operation mechanism. The special committees of the Board of Directors conscientiously performed their duties, provided professional opinions and suggestions to the Board of Directors, and ensured the quality and efficiency of the its operation. All the Directors performed their duties diligently, and their abilities to perform their duties were improved constantly.

(I) The Board of Directors operates in a standardized manner and plays its role in making scientific decisions

Throughout the year, the Board of Directors held 13 meetings, deliberated 115 proposals, heard 21 reports, and approved annual plans, development plans, internal governance system construction, major business management issues and other issues through deliberation. Moreover, it regularly heard relevant reports on the progress of the work for implementing major decisions and arrangements of the CPC Central Committee, the rectification work based on regulatory opinions, risk management, internal control, case prevention management, data governance and other work, and reviewed the senior management's annual work report, the report on the implementation of the CBIRC's guidance on preventing financial crimes by employees, and the annual report on related parties. The Board of Directors kept a close watch on the progress of key tasks, such as strategic planning and implementation, comprehensive risk management, anti-money laundering, consumer rights protection, internal control and compliance, information technology development, data governance and data application, talent team construction, rectification and implementation based on regulatory opinions, coordination between postal service and banking service, ESG development, and rectification of problems found in internal and external audit. Giving full play to their expertise, the Directors expressed their views actively and fully.

The special committees of the Board of Directors gave full play to their professional advantages and held 36 meetings throughout the year, thoroughly studying, deliberating and approving 103 proposals on development strategies, risk management, internal control, connected transactions, fulfillment of social responsibilities, consumer rights protection, and nomination and compensation, and hearing 12 reports, including summary of work in the transition period and 2021 annual audit work plan of the accounting firm, summary of anti-money laundering work in 2020 and 2021 work plan. By providing opinions and suggestions to the Board of Directors, they provided effective support for the decision-making and performance of duties of the Board of Directors.

(II) Optimize the management mechanism and improve the quality and efficiency of operations

Taking the standardized operation of the Board of Directors as the pivot, and taking into account the needs of corporate governance operations, we continued to strengthen the top-level design and improved the corporate governance operation mechanism to provide an endogenous and lasting driving force for the realization of high-quality development.

First, we improved the institutional system. In order to further improve the Bank's corporate governance system, in accordance with the requirements of policies and regulations promulgated successively by regulatory authorities, we formulated the measures for equity management, measures for the management of consolidated statements, measures for the management of internal transactions, measures for outsourcing management, measures for the audit management of the internal rating system for credit risk, etc., and revised a number of corporate governance regulations such as the working rules of the strategic planning committee of the Board of Directors, the basic financial management system, the basic regulations on internal control, and the measures for the management of information technology risks in 2021 to further improve the Bank's institutional system in shareholder management, risk management, internal audit and control, connected transactions and information technology and continue to promote the Bank's corporate governance level.

Second, we optimized the organizational structure. The Board of Directors attaches great importance to the diversity of personnel composition. The appointment of Board members is based on the skills and experience required for the overall sound operation of the Board of Directors. The Board of Directors studies and adjusts the composition of the special committees under the Board of Directors in a timely manner to ensure that all Directors can give full play to their professional advantages and apply their respective strengths. In 2021, according to the Articles of Association and work needs, the Board of Directors nominated one executive Director with extensive retail banking management experience and two non-executive Directors with expertise in auditing and finance to enrich the Board of Directors. The Board of Directors regularly listened to reports on the structure of the Board of Directors, the number and composition of Board members, and the implementation of the Board diversity policy, and continued to promote the diversification of the Board of Directors in terms of professional background, age, gender structure, etc. By the end of 2021, the Board of Directors had 2 female Directors and 5 independent non-executive Directors, and the number of independent non-executive Directors accounted for more than 1/3 of the total number of Board members, meeting relevant regulatory requirements. Both the chairman and executive Directors had been engaged in financial work for a long time and were familiar with the operation and management of the Bank; non-executive Directors had come from government departments or large state-owned enterprises and had rich management experience; and independent non-executive Directors were well-known experts in the fields of economics, finance, law or auditing and could provide professional opinions in different fields.

Third, we strengthened pre-meeting communication. The Board of Directors further strengthened the pre-meeting communication mechanism. Before an on-site Board meeting, the Board of Directors organizes Directors to listen to reports on relatively complex and important proposals, strictly checks the proposals and puts forward relevant revision opinions, which will be fully studied and absorbed by the management. Immature proposals will not be submitted to the Board of Directors for deliberation, and this effectively improves the quality and efficiency of the Board meetings. In 2021, eight pre-meeting communication sessions were held, with 57 proposals reviewed and 4 reports heard.

Fourth, we attached importance to the implementation of resolutions. We give top priority to the implementation of the resolutions of shareholders' general meetings and Board meetings, and continue to urge the senior management to strengthen the implementation of the resolutions. We track and understand the overall progress of the implementation of resolutions by listening to reports, reviewing special reports, investigating and researching, and holding meetings to ensure full implementation.

(III) Directors perform their duties diligently and give full play to their expertise

In 2021, the Directors of the Bank conscientiously attended the Shareholders' General Meetings, Board meetings, and the meetings of special committees, strengthened the contact and communication with other members of the Board of Directors, Supervisors and senior management, actively participated in the research, discussion and decision-making of major operational and management issues, urged the conscientious implementation of Board resolutions, and put forward constructive opinions and suggestions, playing an active role in further improving corporate governance, promoting the strategic transformation and development of the whole Bank, strengthening risk and internal control and achieving high-quality development.

First, the Directors actively took various measures to understand the actual situation of branches, grassroots level institutions and the front line. Despite the impact of the pandemic, a total of 50 person-times of surveys were carried out throughout the year. They actively advised the Board of Directors on strategic planning, comprehensive risk management, internal control and compliance, connected transaction management, consumer rights protection, incentives and restraints, etc., performing the duties of Directors in an all-round way, and effectively ensuring the scientific decision-making of the Board of Directors.

Second, in compliance with the regulatory rules and relevant regulatory requirements of the place where the Bank is listed, the Directors actively participated in a series of training organized by the Ministry of Finance, the Association of Listed Companies, professional consulting agencies and the Bank to continuously expand their vision for performance and enhance their professional ability to perform their duties. The training content closely followed the domestic and international economic and financial trends and the latest regulatory policies, and covered a wide range of topics such as "dual circulation" economy, carbon peaking and carbon neutrality, high-quality development of listed companies, interpretation of the Corporate Governance Guidelines for Banking and Insurance Institutions, and financial digital transformation. In addition, the Directors further enhanced communication with Supervisors and senior management by listening to special reports and other means, so as to gain a comprehensive understanding of the Bank's business dynamics.

Third, as the "voice" and "spokesperson" of depositors and minority Shareholders of the Bank, independent Directors attentively participated in the meetings of the Board of Directors and various special committees, fully participated in the research, discussion and decision-making of major operational and management issues, expressed objective, fair and independent opinions on major issues such as connected transactions, profit distribution, and the selection and appointment of Directors and senior management, and focused on protecting the interests of depositors and minority

Shareholders. In addition, they actively strengthened communication with all parties involved in corporate governance through various methods such as attending business management meetings, listening to special reports from senior management, holding symposiums with external auditors, holding symposiums and exchanges with the Chairman, and conducting investigations and researches; and thanks to their professional expertise and rich experience, they provided a lot of constructive opinions for the decision-making of the Board of Directors and the Bank's transformation and development, playing an active role in further improving the Bank's corporate governance, strengthening risk and internal control management and achieving high-quality development.

In 2022, the Board of Directors will continue to adhere to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, unswervingly implement the decisions and arrangements of the CPC Central Committee, keep in mind the "national priority", ride on the momentum and forge ahead; take reform and innovation as the fundamental driving force, be customer-centric and value creation-oriented, and give full play to the important role of state-owned banks in boosting economic and social development and serving the people's well-being; fully promote high-quality development, in a bid to be on track for the strategic vision of building the Bank into a first-tier major retail bank which is trustworthy, distinctive, prudent, safe, innovative, and with remarkable value.

2021 WORK REPORT OF THE BOARD OF SUPERVISORS

In 2021, the Board of Supervisors of the Bank adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully implemented the decisions and arrangements of the CPC Central Committee and the State Council. It worked hard to ensure compliance with regulatory requirements and strictly complied with relevant laws, regulations and the Articles of Association of the Bank. Focusing on the core work of the Bank, the Board of Supervisors stuck to the following principles such as the leadership of the Party, strategic guidance, problem orientation as well as the risk-centric thinking. It actively carried out supervision on duty performance, risk management, finance, internal control and other key fields, fully performed its duty of supervision and balancing, pushed ahead with constant improvements of the corporate governance mechanism, and earnestly safeguarded the legitimate rights and interests of the Bank, Shareholders, employees, creditors and other stakeholders, hence providing strong support for the Bank's high-quality development.

In 2021, guided by the outline of the "14th Five-Year Plan", the Bank adhered to the retail strategy, actively and steadily carried out various businesses, and performed well in its transformation and development. As of the end of 2021, the Bank realized operating income of RMB318.762 billion, representing an increase of 11.38%; net profit amounted to RMB76.532 billion, representing an increase of 18.99%; total assets stood at RMB12.59 trillion; the non-performing loan ratio was 0.82%, down 0.06 percentage point from the end of last year; the allowance to NPLs ratio was 418.61%, up 10.55 percentage points from the end of last year, in accordance with the PRC GAAP. In 2021, the Bank was listed among the top 20 for the first time in The Banker's list of "Top 1000 World Banks", and it ranked 15th in terms of tier 1 capital, up 7 slots compared with last year. It has been rated A+ and A1 this year by Fitch Ratings and Moody's Investors Service respectively, which are the same as China's sovereign credit ratings. It has been rated A with a stable outlook by S&P Global Ratings, and was rated Grade "A" in MSCI's ESG Ratings.

I. Advance the Organic Integration of the Leadership of the Party and Corporate Governance

In 2021, following and reinforcing the leadership of the Party, the Board of Supervisors actively advanced the organic integration of the leadership of the Party and corporate governance, and made the implementation of the major decisions and arrangements of the CPC Central Committee and the State Council as well as the overall strategy of the Bank the top priority of its supervision tasks.

(I) Focus on the major decisions and plans made by the CPC Central Committee and fulfill its responsibility as a major state-owned bank in China

The Board of Supervisors carried out the rural revitalization strategy and listened to reports on supporting rural revitalization strategy. It focused on the market expansion, products and services of business cooperation benefiting farmers, supervised the cooperative projects benefiting farmers, and pushed forward the implementation of the Bank's positioning of serving Sannong customers, urban and rural residents and SMEs. Meanwhile, it adhered to the concept of green development, listened to the Work Report on Green Bank Development, supervised and monitored green finance development, and promoted green bank building. Additionally, it centered on serving the real economy, paid attention to the support for small and micro enterprises and the implementation of policies on inclusive finance, listened to relevant work reports, and enhanced the financial support for the real economy. Moreover, focusing on the prevention and mitigation of the major risks, it supervised key industries such as real estate and highways, and key regions such as branches in Western China, and held the bottom line of ensuring that no systematic risks would occur.

(II) Focus on the transformation and development of the Party Committee of the Head Office and support high-quality development of the Bank

The Board of Supervisors constantly monitored the scientificity, rationality and robustness of its development strategies and gave top priority to the formulation of the outline of the “14th Five-year Plan” of the Bank, the plan for developing online loans, and the IT plan for the “14th Five-year Plan” period. Meanwhile, it reviewed and studied the assessment report on the implementation of the outline of mid-and long-term development strategies in 2020, prudently and independently offered opinions and suggestions, and actively promoted the effective implementation of development strategies. Additionally, it focused on its “five-pronged transformation”, conducted special supervision over capital management, and supported transformation and development towards lightness. By centering on comprehensive banking operations, it conducted special supervision over the consolidated management of the Group to reinforce the stable operation of the Group. The corporate cultural concept of “respecting employees’ value” was implemented. Special supervision on the “voice of employees” was carried out to address problems pointed out by employees and helped to improve operation and management across the Bank. It centered on risk management, work safety and transformation of the Bank, conducted comprehensive surveys on branches, vigorously pushed forward the deepening of reforms and innovation of the Bank to achieve high-quality development.

II. Operation of the Board of Supervisors and Duty Performance by Supervisors

In 2021, the Board of Supervisors strictly followed relevant laws and regulations, the Articles of Association and the rules of procedures of the Board of Supervisors, implemented the resolutions of the Shareholders’ General Meeting, and organized meetings of the Board of Supervisors and its special committees. All supervisors loyally and diligently performed their supervisory duties, exercised their supervisory power in a legal and compliant manner, and completed all tasks for the year.

(I) Standardized operation

In 2021, the Board of Supervisors held 10 meetings in total to analyze and review 100 proposals and supervision issues, such as the 2020 Annual Report and its summary, the 2020 Results Announcement, the final financial accounts for 2020, the 2020 profit distribution plan, the 2020 internal control evaluation report, the 2020 work report of the Board of Supervisors, the 2020 evaluation report on the performance of the Board of Directors, the senior management and its members by the Board of Supervisors, the 2020 evaluation report on the performance of the Board of Supervisors and its members, and the 2020 remuneration settlement plan for Supervisors. It effectively performed its duties of supervision and decision-making. The special committees under the Board of Supervisors strengthened standardized operation and held 10 meetings in total to review 35 proposals and provide professional opinions and suggestions to the Board of Supervisors. Meanwhile, the special committees under the Board of Supervisors deeply promoted the three-pronged supervision system of “special supervision, regular supervision, and routine supervision” and firmly conducted supervisory surveys. The Board of Directors and the senior management paid high attention and actively responded to their supervisory opinions. Directors, Supervisors, and senior management members collaborated and interacted well with each other and made good supervisory achievements.

The Board of Supervisors kept improving its supervision mechanisms and practically enhanced its supervision capacity. It completed the election of employee Supervisors and the corresponding optimization of its relevant special committees to ensure a scientific and compliant personnel structure of the Board of Supervisors and its special committees. Additionally, it constantly enhanced tracking and supervision of the rectification regarding its supervision opinions and regularly reviewed the rectification progress of its supervision opinions. Rectification assessment and reporting had been conducted for six consecutive years, which practically enhanced the effectiveness of supervision. Furthermore, it broadened access to information on supervision, and organized Supervisors to participate in internal and external training and communications on regulatory policies, hot topics of the industry, corporate governance practices and ESG management, to continuously improve the quality and efficiency of their duty performance and supervision. Strictly following regulatory requirements and the listing rules of the SSE and the HKEX, the Board of Supervisors disclosed information, including resolutions of its meetings and announcements on changes in Supervisors in a timely, accurate and complete way.

(II) Duty performance by Supervisors

In 2021, all Supervisors strictly observed relevant laws and regulations, regulatory requirements, and the Articles of Association, conscientiously fulfilled the duty of loyalty, strictly kept confidential the Bank's business secrets, and acted in the best interests of the Bank. Meanwhile, they earnestly performed supervisory duties and attended more than two thirds of the on-site meetings of the Board of Supervisors in person. Throughout the year, their participation in surveys, inspections, and training totaled 52 person-times. Additionally, all Supervisors spent more than 15 business days in supervision for the Bank, which confirms to regulatory requirements. Meanwhile, they actively attended corporate governance-related meetings as voting and non-voting attendees, fully analyzed and reviewed all proposals, effectively gave play to their professional expertise, and gave independent, professional, and objective opinions and suggestions. Furthermore, all Supervisors maintained the independence of duty performance, followed a high-standard code of professional ethics, earnestly protected the legitimate rights and interests of the Bank, Shareholders, employees, creditors, and other stakeholders, and assisted the Bank in performing corporate social responsibilities. Additionally, all Supervisors performed their supervisory duties in a legal and compliant manner, constantly observed and supervised the legal and compliant duty performance of the Board of Directors and the senior management, and pushed forward the implementation of regulatory opinions and rectification.

Specifically, Supervisors who were chairmen and members of special committees conscientiously attended meetings of special committees, gave timely professional opinions, and provided professional support for the reasonable decision-making of the Board of Supervisors. Supervisors who were members of the Party Committee strictly implemented the decisions of Party organizations and actively drove the organic integration of the Party's leadership and corporate governance. The Chairman of the Board of Supervisors led the Board of Supervisors to make improvements and continuously raised the operation quality and efficiency of the Board of Supervisors and its special committees. Shareholder representative Supervisors gave full play to their role as a bridge and assisted the Bank in communicating with Shareholders. Through methods such as giving lessons within the Bank and guiding the compilation of legal risk study handbooks, external Supervisors shared in-depth knowledge in and views on professional fields, fully leveraged their role as an "external brain trust", and earnestly protected the legitimate rights and interests of medium and small Shareholders and other stakeholders. Employee Supervisors regularly reported their work to the Employee Representative Assembly, truthfully, accurately and comprehensively conveyed employees' opinions, and effectively protected the legitimate rights and interests of employees. All Supervisors had the professional knowledge, work experience, and basic quality required for duty performance. No improper performance of duties or serious dereliction of duty, such as illegal exercise of supervision power, seeking improper benefits by taking advantage of positions, or damaging the legitimate interests of the Bank, was found. The Board of Supervisors evaluated the nine Supervisors who participated in the performance evaluation for 2021 as "competent".

It is recommended that, with respect to subsequent duty performance, the Board of Supervisors and its members should further adhere to and shore up the Party's leadership over supervision, solidly promote the implementation of new regulations, such as the Standards for the Corporate Governance of Banking and Insurance Institutions and the Measures for the Evaluation of Duty Performance of Directors and Supervisors of Banking and Insurance Institutions (Trial), propose new supervision methods, and constantly deepen and broaden surveys.

Attendance of Supervisors at Meetings in 2021

Supervisors	Board of Supervisors			Nomination Committee	Duty Performance Supervision Committee	Finance and Internal Control Risk Supervision Committee
	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 Supervisors						
Chen Yuejun	10/10	7	0	–	–	–
Zhao Yongxiang	9/10	6	1	–	4/4	–
External Supervisors						
Wu Yu	10/10	7	0	–	–	5/5
Bai Jianjun	10/10	7	0	1/1	–	–
Chen Shimin	9/10	6	1	–	4/4	–
Employee Supervisors						
Li Yue	10/10	7	0	–	4/4	5/5
Bu Dongsheng	9/10	6	1	–	–	5/5
Gu Nannan	6/6	3	0	1/1	3/3	3/3
Resigned Supervisors						
Li Yujie	10/10	7	0	1/1	–	–
Song Changlin	4/4	4	0	–	1/1	2/2

Notes:

- (1) “Attendance in person” refers to on-site attendances and attendances by way of instant communications, such as telephone and video conferences. During the reporting period, Supervisors who did not attend the meetings of the Board of Supervisors and its special committees in person had designated other Supervisors as proxies to attend and to vote on their behalf at the meetings. All the Supervisors attended more than two-thirds of the on-site meetings of the Board of Supervisors in person, and none of the Supervisors failed to attend the meetings of the Board of Supervisors either in person or by proxy for two consecutive times.
- (2) Mr. Li Yue began to serve as a member of the Nomination Committee of the Board of Supervisors on December 23, 2021.
- (3) Mr. Gu Nannan began to serve as an Employee Supervisor of the Bank from June 8, 2021 and as a member of the Nomination Committee, Duty Performance Supervision Committee and Finance and Internal Control Risk Supervision Committee of the Board of Supervisors since June 17, 2021.
- (4) Mr. Li Yujie resigned from positions of Shareholder Representative Supervisor and member of the Nomination Committee under the Board of Supervisors of the Bank on January 4, 2022.
- (5) Mr. Song Changlin resigned from positions of Employee Supervisor, member of the Nomination Committee, member of the Duty Performance Supervision Committee and member of the Finance and Internal Control Risk Supervision Committee of the Board of Supervisors of the Bank on June 8, 2021.

III. Performance of Supervision Duties

In 2021, The Board of Supervisors actively took measures to promote implementation the major decisions and arrangements of the CPC Central Committee; effectively served the general objective of high-quality development of the Bank; pointed out potential risks in key fields in a forward-looking way; continuously promoted the in-depth practice of corporate culture; and conscientiously performed various duties of supervision. The Board of Supervisors played a significant role in safeguarding the Bank to maintain financial security, improve corporate governance and achieve high-quality development.

(I) Supervision on risk management

In 2021, the Board of Supervisors continued to advance risk supervision and spur the forestalling and defusing of major risks and hazards. It paid constant attention to duty performance in risk management by the Board of Directors and senior management. It regularly heard work reports on comprehensive risk management, liquidity risk management, stress testing, capital management, and audit of the Bank, reviewed the supervision on risk management of the Bank on a quarterly basis, and provided targeted supervision opinions to concretely forestall and defuse potential risks and hazards. Meanwhile, paying close attention to risks and hazards in key industries, key fields, key customers, key products, and information technology, it conducted supervision of corporate customers' credit risk management, banker's acceptances, and real estate risk management, and promoted steady business development in key fields. It also enhanced the supervision of comprehensive risk management, continuously expanded the coverage of risk supervision, and carried out supervision on consolidated management across the Bank Group with emphasis placed on its subsidiaries' risk management. Furthermore, it paid constant attention to changes in supervision indicators such as capital adequacy indicators and liquidity indicators, to promote the Bank's steady operation.

(II) Supervision on finance

In 2021, the Board of Supervisors proactively performed duties of supervision on finance and enhanced the Bank's refined financial management. It carefully reviewed periodic reports and proposed audit opinions on the authenticity, accuracy, and completeness of the reports. It earnestly reviewed the profit distribution plan and expressed opinions on the compliance and reasonability of the plan. It also reviewed proposals including supervision on finance, final financial accounts and the use of raised funds conscientiously, paying attention to the implementation progress of the business plan and use of raised funds. It emphasized the decision-making and implementation of significant connected transactions and heard reports on connected transaction management. Focusing on the Bank's operating results, the Board of Supervisors paid attention to intermediary business development, cost-to-income ratio, and the business efficiency of its branches. It enhanced supervision on key areas of finance such as infrastructure investment and outlet management, to improve the Bank's financial management. At the same time, it established a regular communication mechanism with the external auditors to make external audit more independent and effective.

(III) Supervision on internal control

In 2021, the Board of Supervisors made solid efforts to carry out supervision on internal control and compliance and enhance abilities in the management of internal control and compliance. It proactively monitored the internal control governance system and placed focus on the performance of duties and responsibilities of internal control by the Board of Directors and senior management. Besides, it earnestly reviewed the rectification plans and progress concerning problems circulated by regulatory authorities and enhanced rectification implementation requirements for problems. The Board of Supervisors reviewed the Bank's annual reports on internal control assessment, reviewed the supervision on internal control on a quarterly basis and regularly listened to reports on case

prevention and control, anti-money laundering, internal control and compliance, consumer protection, audit, etc., facilitating the continuous improvement of the Bank's internal control system. It continued to place focus on compliance in key areas of the Bank such as cases, customer complaints, and accountability. It also strengthened supervision in key areas of internal control and compliance and conducted supervision in areas such as complaints transferred by regulatory authorities, management responsibility identification on non-performing loans, and management of mobile business terminals, thereby improving the Bank's management in internal control and compliance.

(IV) Supervision on duty performance

In 2021, the Board of Supervisors carried out solid work in performance supervision and evaluation and made sure that bodies of corporate governance shouldered respective responsibilities. It continued to optimize the evaluation plan for annual performance and refine performance evaluation requirements, earnestly carried out the 2020 performance evaluation of the Board of Directors, the senior management and its members, and the self-evaluation of the Board of Supervisors and its members. Assessment reports were promptly submitted to regulatory authorities and the Shareholders' General Meeting, and the assessment results were disclosed in the annual report. Furthermore, the Board of Supervisors continued to analyze performance evaluation results and strengthened the application of performance evaluation scores. According to the Standards for the Corporate Governance of Banking and Insurance Institutions, the Measures for the Evaluation of Duty Performance of Directors and Supervisors of Banking and Insurance Institutions (Trial), and other new regulations, the Board of Supervisors finished amending the Measures for the Supervision and Evaluation of Duty Performance of the Board of Directors, the Senior Management and Its Members by the Board of Supervisors of Postal Savings Bank of China Co., Ltd. and the Measures for the Evaluation of Duty Performance of Supervisors of Postal Savings Bank of China Co., Ltd. Moreover, the Board of Supervisors proactively conducted supervision of routine and special duty performance. Benchmarking with regulatory requirements and advanced practices in the banking industry, it gave special attention to the operations of various corporate governance bodies, and put forward supervision suggestions in time.

IV. Evaluation Opinions on the Duty Performance by the Board of Directors, the Senior Management and Its Members

The Board of Supervisors carried out comprehensive evaluation, by regarding self-assessments, the analysis of duty-performance information, the observation of routine duty performance and the scoring results of performance evaluation as the main bases and considering fully external and internal opinions such as the regulatory assessment over corporate governance, regulatory notifications and opinions and the supervision opinions of internal audit. It gave the following evaluation opinions for 2021.

(I) Evaluation opinions on the duty performance by the Board of Directors and its members

During the evaluation period, the Bank's Board of Directors unwaveringly followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and comprehensively implemented the decisions and plans made by the CPC Central Committee and the State Council. Meanwhile, it conscientiously implemented regulatory requirements, strictly followed laws and regulations and the Bank's Articles of Association, and implemented the resolutions of the Shareholders' General Meeting. Additionally, it forged ahead with determination, made reform and innovation, and led the Bank to maintain high-quality development, resulting in steady improvement in operating results, constant improvement in value creation and steady enhancement in risk control capabilities, and getting the "14th Five-year Plan" period off to a good start.

The Board of Directors conscientiously implemented national economic guidelines and policies and regulatory requirements, led the Bank to actively practice inclusive finance, and supported regional coordinated development. In the meantime, it constantly raised the financial support for small and micro enterprises, advanced manufacturing, strategic emerging industries and specialized and sophisticated enterprises that produce new and unique products, and fully supported national strategies, such as rural revitalization, carbon peaking and carbon neutrality and common prosperity. While improving corporate governance, it effectively enhanced the Party's leadership, stuck to the study of major matters by the Party committee in advance and ensured the Party committee's leading role in grasping the direction, controlling the overall situation and promoting implementation. The Board of Directors formulated the outline of the "14th Five-year Plan" and clarified the Bank's strategic goals and implementation paths of transformation and development. It focused on the major task of digital transformation, promoted FinTech empowerment, accelerated the building of information systems, emphasized data governance from the source, and constantly improved the efficiency of data governance. Meanwhile, it strengthened capital management, consolidated the proactive management mechanism for economic capital, improved the endogenous growth of capital, and supplemented capital from external channels in an orderly way. Constant efforts were made to promote the implementation of advanced approaches for capital management. The refined measurement of risk costs and capital was effectively improved. Additionally, the Board of Directors constantly optimized the comprehensive risk management system featuring "all aspects, whole process and entire staff", further standardized the management of risk strategies, appetite and limits, and continuously made risk management more intelligent and refined. Moreover, it adhered to a prudent liquidity risk management strategy, reviewed the stress test report on liquidity risks, updated recovery and disposal plans, and supervised the senior management to optimize stress tests and emergency management. In the meantime, the Board of Directors formulated reputational risk management measures and strengthened the reputational risk management concept of "addressing both the symptoms and root causes, with a focus on root causes". It reviewed and passed consolidated management measures and continuously optimized the organizational structure of consolidated management. Moreover, the Board of Directors closely followed the regulatory requirement of the "Year of Internal Control and Compliance Management", kept strengthening employee behavior management and case prevention, and improved long-acting mechanisms for internal control and compliance. It optimized the anti-money laundering organizational structure and the money-laundering risk assessment mechanism and made solid efforts to promote the rectification of anti-money laundering problems. Besides, it raised the guidance and resources for internal audit, urged the rectification of problems found in audit, and effectively gave play to the supervisory function of audit. In the meantime, it strictly performed the obligation of information disclosure and proactively enhanced the scope and depth of voluntary disclosure. It performed corporate social responsibilities and actively protected the legitimate rights and interests of stakeholders, such as financial consumers, employees, suppliers, creditors and communities. Furthermore, the Board of Directors strengthened the development of corporate culture and advocated a high-standard code of professional ethics. All special committees of the Board of Directors, within the authorization of the Board of Directors, standardized operation, gave full play to their expertise, gave professional opinions and suggestions, and vigorously supported the reasonable and efficient decision-making of the Board of Directors.

During the evaluation period, all Directors who participated in the evaluation strictly observed relevant laws and regulations, regulatory requirements, the Bank's Articles of Association and constantly performed their duties in a standardized manner. They promoted the Bank's legal and compliant operations, diligently performed all obligations, and kept abreast with the Bank's operation and management and risk profile. Additionally, they constantly improved their professionalism, proposed scientific and reasonable opinions and suggestions, and assisted the Board of Directors in making reasonable decisions. Moreover, they acted in the best interests of the Bank, strictly kept confidential the Bank's business secrets, and loyally and honestly exercised their rights. Directors also followed a high-standard code of professional ethics, treated all Shareholders equally,

and adequately performed the corresponding duties based on their respective positions. All Directors met the requirements of regulations and the Articles of Association in terms of work hours and the number of on-site meetings of the Board of Directors attended in person. No improper performance of duties or serious dereliction of duty, such as illegal exercise of power, seeking improper benefits by taking advantage of positions, or damaging the legitimate interests of the Bank, was found. The Board of Supervisors evaluated the 12 Directors who participated in the performance evaluation for 2021 as “competent”.

It is recommended that, with respect to subsequent duty performance, the Board of Directors and its members should further enhance the leading role of strategies, deeply implement the “Three Tasks” (serving the real economy, strengthening financial risk management and deepening financial reforms), continuously strengthen governance capabilities, and deepen transformation, development and internal governance. In addition, they should fully protect the legitimate rights and interests of stakeholders, promptly respond to concerns of all parties, constantly improve long-acting mechanisms, and urge the improvement in the rectification of issues.

(II) Evaluation opinions on the performance of senior management and its members

During the evaluation period, the Bank’s senior management strictly abided by laws and regulations, regulatory requirements, and the Company’s Articles of Association, thoroughly implemented the major decisions and plans of the CPC Central Committee, strictly implemented the regulatory requirements, conscientiously executed the Board’s decisions, took the initiative to accept the supervision of the Board of Supervisors, firmly practiced the values of “creating value for customers”, promoted high-quality development of the whole Bank, and successfully accomplished all tasks and goals.

The senior management conscientiously implemented the national economic and financial policies, formulated opinions on the implementation of serving rural revitalization during the “14th Five-year Plan” Period, put more effort to serve the real economy, supported the development of specialized and sophisticated enterprises that produce new and unique products, thoroughly implemented the carbon peaking and carbon neutrality strategies and the national regional development strategies, and performed the Bank’s social responsibility as a major state-owned bank. The senior management accelerated the high-quality development of the whole Bank, achieved remarkable results in the transformation of retail banking, corporate banking, treasury and asset management and other businesses, and made steady improvement in operating results; continuously improved the comprehensive risk management system, formulated risk policies and risk limit schemes according to risk strategy and appetite, and continuously made risk management more intelligent and refined; continued to improve the reputational risk management system, and carried out reputational risk research, evaluation and investigation; strictly implemented regulatory requirements for liquidity risks, optimized the early warning system for liquidity risk limits, strengthened stress testing and emergency management, and made management more forward-looking; improved the consolidated management system and organizational structure, carried out a comprehensive self-examination of consolidated management, and improved the internal reporting mechanism of affiliated institutions; paid close attention to internal control compliance and case prevention, and improved oversight and evaluation of the protection of consumers’ rights and interests; formulated an anti-money laundering team building plan and improved money laundering risk management methods and measures; revised the methods for investigating abnormal behavior of employees, continuously solidified the management responsibility, and constantly strengthened the management of employee behavior; actively promoted capital supplementation, thoroughly promoted the development and implementation of advanced approaches to capital management, and continuously improved the level of capital adequacy and refinement in capital management; vigorously promoted the development of IT projects, established a self-evaluation mechanism for data governance, and carried out special governance centering on the main data of customers and

institutions; complied with the high standard of professional ethics, and reported operation and management information to the Board of Directors and Board of Supervisors in a timely, accurate and complete manner. Each special committee actively performed its duties, standardized its operation, and assisted senior management in breaking down and communicating strategic objectives, sharing operational and management pressure, and coordinating and organizing the work of business lines, and the meeting frequency and operation status met regulatory requirements and the requirements of working rules.

During the evaluation period, all senior management members participating in the evaluation spontaneously abided by laws and regulations and the Company's Articles of Association, worked diligently, fulfilled their duties faithfully, adhered to integrity and self-discipline, forged ahead in unity, and actively protected the legitimate rights and interests of the Bank, Shareholders, employees, creditors, financial consumers and other stakeholders. They strictly complied with the authorization of the Board of Directors, conscientiously implemented the decisions and plans of the Board of Directors, took the initiative to accept the supervision of the Board of Supervisors, and ensured that the operation of the Bank was aligned with the development strategy, risk appetite and other policies determined by the Board of Directors. They continuously improved the operation and management in the respective areas, earnestly performed the responsibilities of comprehensive risk management and internal control compliance management, maintained full communication with the Board of Directors and the Board of Supervisors, and strove to promote high-quality development and sound operation of the whole Bank. They have the necessary professional knowledge, work experience and basic quality, and adhered to the high standard of professional ethics. They strictly kept confidential the Bank's business secrets during the performance of duties, and no improper performance of duties or serious dereliction of duty, such as illegal exercise of power, seeking improper benefits by taking advantage of positions, or damaging the legitimate interests of the Bank, was found. The Board of Supervisors evaluated the performance of the 8 senior management members who participated in the performance evaluation for 2021 as "competent".

It is recommended that, with respect to subsequent duty performance, the senior management members should further enhance their ability to serve the real economy, actively promote the modernization of management capabilities, firmly build risk prevention and control shields, and continuously sharpen differentiated competitive edges.

V. Independent Opinions Issued by the Board of Supervisors

(I) Operation according to law

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. Members of the Board of Directors and the 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.

(II) 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.

(III) Use of raised funds

During the reporting period, the use of raised funds was in line with the purposes as disclosed in the prospectuses.

(IV) 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.

(V) 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 act 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.

(VI) 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.

(VII) 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.

(VIII) 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.

(IX) Corporate social responsibilities

During the reporting period, the Bank earnestly performed its social responsibilities. The Board of Supervisors reviewed the Bank's Corporate Social Responsibility (Environmental, Social, and Governance) Report for the year and had no objection to the report.

(X) Performance evaluation of Directors, Supervisors, and senior management members

All the Directors, Supervisors, and senior management members who participated in the 2021 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.

In 2022, the Board of Supervisors will continue to follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly study and implement the guiding principles of the 19th National Congress of the Communist Party of China, all plenary sessions of the 19th Party Central Committee and the Central Economic Work Conference, adhere to the leadership of the CPC, insist on a strategy-driven, problem-oriented and risk-based approach, conscientiously implement the decisions and plans of the CPC Central Committee and the State Council, strictly implement regulatory requirements, coordinate the high-quality development and financial security of the whole Bank, focus on serving the central work of the whole Bank, conscientiously perform the supervisory duties of the Board of Supervisors, earnestly carry out the work of duty performance, risk management, financial management, internal control and other supervisory work, promote the improvement of corporate governance, and strive to make greater contributions to the high-quality development of the whole Bank.

2021 WORK REPORT OF INDEPENDENT DIRECTORS OF
POSTAL SAVINGS BANK OF CHINA CO., LTD.

In 2021, the Independent Directors of the Bank strictly followed the domestic and overseas laws, regulations and normative documents, such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Standards for the Corporate Governance of Banking and Insurance Institutions, and the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and also followed the Articles of Association, the Working Rules of Independent Directors of Postal Savings Bank of China Co., Ltd. and other requirements. The Independent Directors performed duties diligently, dedicatedly and faithfully, attended the meetings of the Directors and its special committees earnestly, made independent and autonomous decisions, expressed independent, objective and unbiased opinions on matters under review, and effectively safeguarded the rights and interests of the Bank, all Shareholders and other stakeholders. The work report of Independent Directors in 2021 is presented as follows:

I. Basic Information of Independent Directors

As of now, the Bank has five Independent Directors, accounting for more than one-third of the total number of members of the Board of Directors, which is in compliance with relevant regulatory requirements and the Articles of Association. Three special committees under the Board of Directors, namely the Audit Committee, the Nomination and Remuneration Committee and the Related Party Transactions Control Committee are all chaired by Independent Directors, of which the Independent Director chairing the Audit Committee has accounting expertise, and other special committees have at least one Independent Director as a member. In addition to the annual remunerations, the Independent Directors of the Bank neither have any business or financial interests in the Bank or its subsidiaries, nor assume any management positions in the Bank. The independence of the Independent Directors of the Bank is in compliance with the relevant regulatory requirements. The Bank has received an annual commitment letter from each of the Independent Directors on their independence and acknowledged their independence. The biographies of the Independent Directors of the Bank are as follows:

Fu Tingmei, male, obtained a doctor's degree in Philosophy from the University of London in United Kingdom. Mr. Fu has served as Independent Non-executive Director of the Bank since August 2016. He previously served as Director of Peregrine Capital Limited, Managing Director of BNP Paribas Peregrine Capital Limited, Consultant (part-time) to the Central Policy Unit of the Government of the Hong Kong Special Administrative Region, Independent Non-executive Director of Beijing Enterprises Holdings Limited and CPMC Holdings Limited. Mr. Fu currently serves as Independent Non-executive Director of Guotai Junan International Holdings Limited, COFCO Joy come Foods Limited and China Resources Pharmaceutical Group Limited.

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 Executive Dean of Institute of Rural Reconstruction of China at Southwest University, a member of the National Environment Advisory Committee, a member of the Committee of Experts on Food Security, as well as 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.

Chung Shui Ming Timpson, male, obtained an MBA degree from the Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, and 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 Ever bright Bank Co., Ltd., China Construction Bank Corporation, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited, Glorious Sun Enterprises 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., China Everbright Limited, China Railway Group Limited and Orient Overseas (International) Limited.

Hu Xiang, male, obtained a master's degree in Economics from the Graduate School of the PBOC. Mr. Hu has served as Independent Non-executive Director of the Bank since October 2017. He previously served as Principal Staff Member of Entrusted Investment Division of Investment Department and Deputy Director (presiding over the work) of Share Transfer Division of Overseas Investment Department of National Council for Social Security Fund, Deputy General Manager of Penghua Fund Management Co., Ltd., and Director of Shanghai Zhitong Construction Development Co., Ltd. Mr. Hu currently serves as Chairman and General Manager of Great Wheel Asset Management Company Zhejiang, Director of World Transmission Technology (Tianjin) Co., Ltd., Independent Director of New China Fund Management Co., Ltd. and Chairman of Shanghai TURIN Chi Robot Co., Ltd.

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.

II. Performance of Independent Directors in the Year

(I) Attendance of Independent Directors at Meetings

In 2021, the Bank convened a total of 2 Shareholders' General Meetings, at which 15 proposals were reviewed and approved and 3 reports heard; convened 13 meetings of the Board of Directors, at which 115 proposals were reviewed and approved and 21 reports heard; and convened 36 meetings of special committees of the Board of Directors, at which 103 proposals were reviewed and approved and 12 reports heard. The Independent Directors of the Bank earnestly attended the Shareholders' General Meetings and the meetings of the Board of Directors and its special committees, and provided objective, unbiased and independent opinions on matters reviewed by the Board of Directors and its special committees by relying on their extensive industrial experiences and giving full play to their professional advantages. The attendance of Independent Directors at meetings is set out below:

Number of attendance in person/Number of meetings that should be attended

Independent Non-executive Directors	Shareholders' General Meeting	Board of Directors	Special Committees under the 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
Fu Tingmei	2/2	13/13	-	3/3	-	8/8	4/4	-
Wen Tiejun	1/2	12/13	8/9	-	6/6	-	4/4	-
Chung Shui Ming Timpson	2/2	13/13	-	3/3	6/6	-	-	-
Hu Xiang	2/2	13/13	9/9	-	6/6	-	-	6/6
PanYingli	2/2	12/13	-	3/3	4/6	-	4/4	-

Notes:

- (1) “Attendances in person” refers to on-site attendances and attendances by way of electronic communications, such as telephone and video conferences.
- (2) Directors who did not attend the meetings of the Board of Directors and its special committees in person had designated other Directors as proxies to attend and vote on their behalf at the meetings.

(II) Performance of Independent Directors during the Closing Period of the Meeting

First, proactive communication with various stakeholders of corporate governance. In addition to the annual general meeting, Board of Directors meeting and meetings held by various committees, the Independent Directors of the Bank also heard the special reports of senior executives, discussed with external audit institutions, communicated with the chairman, participated in special seminars such as strategic planning, etc., and strengthened communication and exchanges with other Board members, the Board of Supervisors and senior management. Independent Directors leveraged their expertise and extensive experience to support decision-making of the Board of Directors and transformation of the Bank. Their constructive opinions greatly contributed to the Bank’s improved corporate governance, stronger internal controls and higher-quality growth.

Second, diligent research and investigations. With their responsibilities and top concerns in mind, Independent Directors of the Bank visited a number of branches and financial institutions. Through thorough research on important matters concerning the operations and management of the Bank, including rural vitalization strategy, intermediary business development, and risk management for subsidiaries, Independent Directors were able to offer their great insights and suggestions.

Third, active training attendance. In accordance with listing rules in Hong Kong and relevant regulatory requirements, the Directors of the Bank attended training organized by the Ministry of Finance, the Listed Companies Association of Beijing, other intermediaries and the Bank. Training topics range from economic conditions, risk management, anti-money laundering to corporate governance and ESG development.

(III) The Bank’s Support to the Work of Independent Directors

The Bank, including its Board of Directors, the Board of Supervisors and senior management, provided all-round support to Independent Directors in performing their duties. The Bank continued to improve its information reporting mechanism for Independent Directors, and provided various operation and management information in a timely, objective and complete manner, including finance, risk management, internal control, audit supervision, investor relations and bank policies. Meanwhile, the Bank organized briefings before Board of Directors meetings, invited Independent Directors to attend workshops and facilitated directors’ research efforts and training. This helped Independent Directors make informed decisions and ensure they could perform their duties adequately.

III. Focus of Independent Directors during Performance of Duties in the Year

(I) Related Party Transactions

Independent Directors of the Bank attached great importance to the management of related party transactions. They reviewed and approved the special report on related party transactions and other matters in accordance with relevant requirements, and expressed independent opinions and pre-approval on the 2020 related party transactions report of the Bank and 2021 estimated cap for related party transactions, thereby ensuring that the related party transactions were conducted in accordance with the laws and regulations and in compliance with business practices.

(II) Guarantee Business and Capital Utilization

The Bank carried out the guarantee business mainly by issuing letters of guarantee, which was one of the routine banking operations within the daily business scope of the Bank approved by the PBOC and the CBIRC. As of December 31, 2021, the outstanding amount of letters of guarantee issued by the Bank was RMB42.859 billion. The Bank attached great importance to the risk management of the guarantee business, and set strict rules on the creditworthiness standards of the guaranteed companies, the operation process and approval procedures of the guarantee business, and conducted relevant business accordingly.

(III) Use of Proceeds Raised

The funds raised by the Bank were used for the purpose disclosed in offering prospectuses, i.e., to replenish the Bank's capital for high-quality development.

(IV) Nomination and Remuneration of Senior Management

In 2021, the Board of Directors of the Bank reviewed and approved relevant proposals on the nomination of candidates for Executive and Non-executive Directors, and the appointment of the President of the Bank. Besides, based on the Bank's 2020 operating results, the Board of Directors and the Nomination and Remuneration Committee of the Board reviewed and approved the 2020 Senior Management Remuneration Distribution Plan. The Independent Directors agreed and expressed their independent opinion on matters related to nomination and remuneration of the senior management of the Bank.

(V) Results Forecast and Preliminary Results Estimate

In 2021, there was no results forecast or preliminary results estimate of the Bank to be disclosed.

(VI) Appointment or Change of Accounting Firms

In 2021, upon approval by the 2020 AGM, Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu were engaged as auditors of the Bank for the year of 2021. Independent Directors expressed their pre-approval and independent opinions on the appointment of accounting firms. They maintained full communication with external auditors and effectively performed relevant responsibilities and obligations.

(VII) Cash Dividends and Other Investor Returns

The Bank formulated and implemented the cash dividend policy in line with the requirements of the Articles of Association and resolutions of the Shareholders' General Meeting. In the interest of long-term development and reasonable value creation for Shareholders, the cash dividend policy had clear distribution standards and proportions with proper decision-making procedures and mechanism and was reviewed and approved by Independent Non-executive Directors. Minority Shareholders were allowed to fully make advice and suggestions with their legitimate interests being protected.

(VIII) Performance of the Undertakings by the Company and Shareholders

As of December 31, 2021, the commitments made by the Bank and its Shareholders were fulfilled.

(IX) Implementation of Information Disclosure

In 2021, the Bank continued to improve its information disclosure mechanism in strict accordance with laws and regulations, regulatory requirements of listing places and the Articles of Association. The Bank fulfilled its obligations truthfully, accurately, completely, timely and fairly by disclosing periodic reports and temporary announcements as required. Independent Directors of the Bank actively fulfilled their responsibilities in the preparation and disclosure of periodic reports, and conducted full communication and discussion with external auditors on the audit work.

(X) Implementation of Internal Control

In 2021, the Board of Directors of the Bank continued to promote the development and implementation of internal control standards and facilitated the improvement of the effectiveness of internal control. Independent Directors attached great importance to the implementation and appraisal of internal control and reviewed the internal control appraisal report. They were of the opinion that the Bank maintained effective internal control of financial reporting in all material aspects in accordance with the requirements of the Bank's internal control policies and related provisions. There was no major deficiency in the internal control of financial reporting, and no major deficiencies in the internal control of non-financial reporting were found.

(XI) The Operation of the Board of Directors and Its Special Committees

In 2021, the Board of Directors and its special committees performed their duties in a standardized manner, thoroughly studied the operation and management of the Bank, carefully studied the relevant matters for review, operated in a legal and compliant manner, and made scientific and efficient decisions. The operation of the Board of Directors and its special committees are as follows:

The Bank convened 13 meetings of the Board of Directors to review a total of 115 proposals, including proposals such as fixed asset investment budget, final financial accounts and profit distribution plan; development planning proposals such as the Three-Year Capital Rolling Plan for 2021-2023, the outline of the 14th Five-Year Plan and the outline of the IT Planning for the 14th Five-Year Plan period; policies related proposals such as the amendments to the Management Measures for Information Disclosure; and major matters relating to operation and management such as the establishment of the Digital Currency Department as a tier-1 department and the issuance of write-down qualified tier 2 capital instruments. Moreover, such meetings also heard 21 reports on the Bank's implementation of major decisions and deployments made by the CPC Central Committee and progress in comprehensive risk management, internal control and compliance, and data governance. The Directors made in-depth research and earnest discussions, and put forward an array of opinions at their meetings, ensuring that the Board of Directors made scientific and effective decisions in leading the reform and development of the Bank.

The Strategic Planning Committee convened 9 meetings, at which it reviewed and approved 21 proposals and heard 2 reports. It reviewed and approved the work on supporting rural revitalization, bolstering the development of micro and small enterprises and implementing the inclusive finance policy, so as to strictly implement major plans and decisions of the CPC Central Committee and improve the quality and efficiency of the work on inclusive finance on all fronts. It also reviewed and approved the proposals concerning the 14th Five-Year Plan Outline and the IT Planning for the 14th Five-Year Plan period, so as to strengthen strategic support for high-quality development by focusing on strategic planning. It reviewed and approved the proposals concerning the issuance of write-down qualified tier 2 capital instruments and general authorization for share issuance, so as to drive the Bank's enhancement of risk resistance ability and realize transformation and development. The Committee reviewed and approved the proposals concerning the annual plan for asset and liability business and annual economic capital allocation plan.

The Related Party Transactions Control Committee convened 3 meetings, at which it reviewed and approved 7 proposals. It mainly reviewed and approved the annual special report on related party transactions, managed the related party transactions of the Bank, and performed the responsibilities of related party transactions management in a legitimate, compliant and prudent manner within the scope authorized by the Board of Directors. It reviewed and approved the proposals regarding forecasting the caps of connected transactions in 2021 and 2022-2024, and renewal of framework agreements with China Post Group Corporation Limited. It fully reviewed the compliance and fairness of major related party transactions and the truthfulness and completeness of information disclosure, and provided suggestions to the Board of Directors. It also reviewed and approved the proposal on the profiles of the Bank's related parties, confirmed the status of the Bank's related parties and connected transactions and reported to the Board of Directors.

The Audit Committee convened 6 meetings, at which it reviewed and approved 18 proposals and heard 7 reports. The Committee reviewed and approved the financial statements and auditor's report for 2020, the financial statements for the first quarter of 2021, the interim financial statements and review report of 2021, and the financial statements for the third quarter of 2021. It earnestly reviewed the financial information, expressed its opinion on the truthfulness, accuracy and completeness of the financial data, and focused with considerable emphasis on the Bank's financial performance and business results. It also provided guidance on the revision of basic financial management policies to ensure support for strengthening the Bank's financial management and standardizing financial activities. The Committee reviewed and approved the 2020 internal control assessment program, and regularly assessed the effectiveness of the Bank's internal control efforts. It also reviewed and approved the 2020 audit report and 2021 audit plan, several audit reports on anti-money laundering and business continuity management for 2020, as well as the follow-up audits on the rectification for audit findings. It attached great importance to the continuous rectification of problems identified in audits, and put forward opinions on deepening the rectification in a more thorough, detailed manner with solid results, so as to promote the continuous improvement of the Bank's internal control management and risk management capability. In addition, the Committee fully communicated with the external auditors to ensure the smooth transition of work during the transition period between former and current accounting firms. It earnestly promoted the communication and coordination between internal audit and external audit, and urged the senior management to form a continuous rectification mechanism for findings of external audit.

The Risk Management Committee convened 8 meetings, at which it reviewed and approved 38 proposals and heard 3 reports. The Committee reviewed and approved the proposals of the formulation and amendment of 18 basic management rules, including the Management Measures for Loss Allowance on Financial Instruments, the Management Measures for Internal Rating System of Credit Risk, the Management Measures for Internal Rating of Retail Business and the Management Measures for Internet Loans. It continuously improved the top-level policy design for internal risk control to provide institutional support for the development and implementation of advanced approaches for capital management. The Committee reviewed and approved the proposals concerning the comprehensive risk management report for 2020, the internal control and compliance management report for 2020, the 2020 work report and 2021 work plan for case prevention. It also conducted regular assessment on the compliance and the comprehensiveness and effectiveness of the Bank's risk management, and proposed advice on improving risk management and internal control to the Board of Directors.

The Nomination and Remuneration Committee convened 4 meetings, at which it reviewed and approved 11 proposals. It reviewed the eligibility for appointment and qualifications of Mr. Liu Jianjun as Executive Director and President of the Bank, as well as the eligibility for appointment and qualifications of Mr. Han Wenbo, Mr. Chen Donghao and Mr. Wei Qiang as Non-executive Directors, implemented regulatory requirements, and strengthened the review and verification of the eligibility for appointment and qualifications of Directors and senior management. It reviewed and approved the proposals on changes to the composition of special committees of the Board of

Directors, among others, and continuously worked on Board diversity in terms of profession and age. The Committee reviewed and approved the proposals on the evaluation of performance of Directors by the Board of Directors for 2020 and the remuneration settlement plan for Directors, senior management and heads of internal audit department for 2020.

The Social Responsibility and Consumer Rights Protection Committee convened 6 meetings, at which it reviewed and approved 8 proposals. It reviewed and approved the proposals on the work and plan, assessment and evaluation, special audit reports on consumer rights protection, and continued to strengthen consumer rights protection by adhering to the customer-centric service philosophy. It reviewed and approved the proposals on the 2020 Corporate Social Responsibility Report and the 2020 Work Report on Green Bank Development, fully implemented relevant decisions and plans of the CPC Central Committee and the State Council, and earnestly promoted the ESG development of the Bank. The Committee also considered and approved the special donation for flood control and disaster relief, fully supporting flood control and disaster relief and performing its responsibilities as a major state-owned bank.

The Independent Directors of the Bank conducted a serious review of the convening procedures and matters for review of the Board of Directors and its special committees, and was of the view that the convening procedures of the Board of Directors and its special committees of the Bank were in compliance with the requirements of the Company Law of the People's Republic of China and the Articles of Association, the meeting documents were complete, the relevant information materials were adequate, the Directors were diligent and conscientious, and there were no circumstances that were inconsistent with the relevant provisions for convening meetings of the Board of Directors and its special committees.

(XII) Other Issues that the Independent Directors Considered Necessary to Be Improved by the Listed Company

Independent Directors of the Bank approved the Bank's development strategy execution and its operation and management. They also initiated extensive discussions and provided targeted opinions and suggestions on important operational matters, such as strengthening risk management, technology empowerment, and customer rights protection and helping to achieve peak carbon emissions and carbon neutrality. The Bank attached great importance to the opinions and suggestions of its Independent Directors, and organized to implement them in accordance with the actual situations.

IV. Overall Evaluation and Recommendations

In 2021, Independent Directors of the Bank performed their duties in good faith, with diligence, independence and professionalism in accordance with relevant laws and regulations, the Articles of Association and other relevant provisions, improved the operation efficiency and scientific decision-making of the Board of Directors and its special committees and safeguarded the legitimate rights and interests of the Bank and all Shareholders and stakeholders.

In 2022, Independent Directors of the Bank will continue to perform their duties diligently and in good faith as required by regulators. For the sake of continued improvement in the Bank's corporate governance and high-quality development, Independent Directors will make good use of their expertise, continue to improve the ability to perform their duties and give independent and objective opinions.

Independent Directors of Postal Savings Bank of China Co., Ltd.
Fu Tingmei, Wen Tiejun, Chung Shui Ming Timpson, Hu Xiang and Pan Yingli

**REPORT ON THE 2021 EVALUATION OF THE SUBSTANTIAL SHAREHOLDER OF
POSTAL SAVINGS BANK OF CHINA CO., LTD.**

In accordance with the requirements of the Measures for the Supervision of the Behavior of the Substantial Shareholders of Banking and Insurance Institutions (Trial) (hereinafter the “Measures”) and other relevant regulations, the Board of Directors of a commercial bank shall perform an annual assessment of the substantial Shareholders, and the assessment report is to be reviewed at the Shareholders’ General Meeting and submitted to the China Banking and Insurance Regulatory Commission (CBIRC) in a timely manner. The Bank conducted the 2021 evaluation of the substantial Shareholder and the results are summarized below:

I. Equity management

In 2021, the Bank’s Board of Directors attached great importance to equity management. Diligently and continuously improving the equity management system, it stayed abreast of regulatory provisions such as the Measures to actively promote the implementation of regulatory requirements and improve the equity management system. The Bank circulated a list of rights and obligations and a list of negative conduct to the substantial Shareholder. Additionally, the Bank strengthened the routine management of and communication with Shareholders, assisted the substantial Shareholder in signing Commitment letters, assessed the performance of commitments by the substantial Shareholder, strictly implemented reporting requirements for equity approval and report, enabling Shareholders to obtain equity in compliance with laws and regulations. The Bank paid close attention to changes in the shareholdings of Shareholders, continued to perform equity analysis, enhanced the initiative and sensitivity of equity management, and continuously promoted the steady operation and healthy development of the Bank.

II. Status of the substantial Shareholder

As at the end of 2021, China Post Group Corporation Limited (hereinafter “China Post Group”) held 62,244,339,189 shares of the Bank (including 62,163,639,189 A Shares and 80,700,000 H Shares), accounting for a shareholding percentage of 67.38%. In accordance with provisions of the Measures, China Post Group is a substantial Shareholder of the Bank as its shareholding percentage exceeds 15%.

China Post Group, 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 is the controlling Shareholder and de facto controller of the Bank. In 2021, China Post Group’s consolidated total assets amounted to RMB13.1687 trillion, the net profit was RMB67.674 billion and the asset-liability ratio was 93.57%; the consolidated net profit from 2019 to 2021 was RMB51.101 billion, RMB56.411 billion and RMB67.674 billion respectively; the consolidated net assets and non-consolidated net assets accounted for 6.43% and 54.11% of total assets, respectively; and the balance of consolidated equity investments accounted for 4.24% of net assets (equity investments include long-term equity investments and other equity instrument investments in the financial statements).

III. Organization and implementation of the assessment

The Bank placed great importance on its assessment of the substantial Shareholder. It sent a notification letter to the substantial Shareholder in early 2022 requesting their cooperation in the 2021 evaluation of the substantial Shareholder. Performing comprehensive analysis and comparison of information and financial statements collected from the substantial Shareholder, as well as information from public channels, daily Shareholder performance, qualifications, financial position, shareholdings, related party transactions in the last year, exercise of Shareholder rights, fulfillment of obligations and

commitments, observation of the Bank's Articles of Association and terms of agreements, and compliance with laws, regulations and regulatory requirements, the Bank formulated an assessment report. The assessment report has been reviewed and approved at the sixth meeting of the Board of Directors held on May 30, 2022.

IV. Assessment results

(I) Qualifications

China Post Group was incorporated in accordance with law and has legal entity status. During the reporting period, the Company had a sound corporate governance structure and effective organizational management methods, with no apparent defects in its corporate governance structure and mechanisms; had a good social reputation and records of integrity and tax, and enjoyed a long track record of development and stable operating condition, and was capable of repaying the principal and interest on loans from financial institutions in full and on time; did not have any circumstances which have a significant adverse impact on the Bank, such as its core main business not being prominent, its business scope involving too many industries, or its fluctuation in cash flows is greatly influenced by the economic climate; and was not subject to any regulatory measures such as being ordered to suspend business operations for rectification, designated custody, takeover or deregistration, or entering into dissolution, bankruptcy or liquidation procedures.

(II) Financial position

During the reporting period, China Post Group had a sound financial position, robust operational and management capabilities and financial strength, and was profitable for the last three fiscal years. As China Post Group controls financial enterprises such as the Bank and China Post Life Insurance, its asset structure is industry specific. Its consolidated net assets were lower than 30% of its total assets while the non-consolidated net assets exceeded 30% of the total assets, and the balance of consolidated equity investments did not surpass 50% of the net assets.

(III) Shareholdings

China Post Group holds a long-term and stable equity stake in the Bank, and the equity relationship is truthful and transparent. It went through the proper regulatory approval and reporting procedures when acquiring the equity. China Post Group invests in the Bank with its own funds from legitimate sources, and there are no instances of cross holding with the Bank. There were no instances of violations of laws and regulations such as concealment of actual controllers, affiliations, equity entrustment, or private agreements. There were no guarantees provided on debts with its equity in the Bank other than to itself and its related parties, and there were no instances of using equity pledges, holding the Bank's equity on behalf of the Bank, illegally holding shares in related parties, or disguised equity transfer.

(IV) Related party transactions

China Post Group complies with laws and regulations and relevant provisions of the CBIRC on related party transactions. Transactions with the Bank are transparent and fair, and there have been no improper related party transactions with the Bank or instances of using its influence over the Bank to obtain illegitimate benefits. During the reporting period, China Post Group exclusively participated in the Bank's RMB30 billion non-public offering of A Shares, which constituted a major related party transaction, and the transaction was reported to regulatory authorities and disclosed in the Bank's periodic reports. During the reporting period, related party business dealings between China Post Group and the Bank in entrusted and agency banking business, land use rights and

property leasing, comprehensive services and other transactions, and trademark licensing were all conducted under the requirements of state departments and regulatory authorities and in accordance with framework agreements entered into by both parties. As at the end of the reporting period, routine related party transactions between the Bank and China Post Group did not exceed the annual cap, and relevant information was disclosed in the Bank's periodic reports.

(V) Exercise of Shareholder rights

During the reporting period, China Post Group legally and effectively participated in corporate governance in accordance with laws, regulations, regulatory provisions and the Articles of Association, properly exercised Shareholder rights through corporate governance procedures, upheld the independent operation of the Bank, participated in Shareholders' General Meetings and exercised voting rights, and received dividends and other forms of benefit distribution based on its proportion of shares held. There were no instances such as abuses of Shareholders' rights, or improper interference with or restrictions on the Bank.

(VI) Fulfillment of obligations and commitments

During the Reporting Period, in accordance with the requirements of the Measures and the Notice by the General Office of the China Banking and Insurance Regulatory Commission on Issues Concerning Further Enhancing the Management of Commitments of Shareholders of Banking and Insurance Institutions, China Post Group issued Commitment letters after performing the necessary internal approval procedures.

In terms of declarative commitments, China Post Group undertook to fulfill its capital contribution obligations in accordance with laws and regulations and the provisions of the CBIRC, and its shareholding ratio complied with regulatory requirements. There were no circumstances that may adversely affect the operation and management of the Bank, and the information it provided was truthful, effective, accurate and complete. The number of commercial banks that the substantial Shareholder invested in complied with regulatory requirements.

In terms of compliance commitments, China Post Group undertook to exercise its investor rights in accordance with laws and regulations, regulatory provisions and the Articles of Association, and carried out relevant activities in compliance with laws and regulations, such as not interfering with the Bank's operations, standardizing related party transactions, standardizing equity pledges, and not transferring the equity held within a specified period.

In terms of responsibility commitments, China Post Group had corresponding capital replenishment capabilities, was committed to replenishing the Bank's capital when necessary, and supported the Bank's Board of Directors in formulating reasonable capital planning, so as to ensure that the Bank's capital can continue to meet regulatory requirements. There were no circumstances that prevented other Shareholders from replenishing the Bank's capital or hindered the entry of qualified new Shareholders. In 2021, China Post Group actively fulfilled its plan of commitment to stabilizing the share price, fulfilled its obligation to stabilize the share price, and accumulated 9,725,000 A Shares of the Bank through the secondary market, accounting for a shareholding increase of 0.01%. In addition, China Post Group fulfilled its commitment to replenishing capital when necessary, and exclusively participated in the subscription for 5,405,405,405 A Shares of the Bank, accounting for a shareholding increase of 2.03%.

(VII) Observation of the Articles of Association and terms of agreements

During the reporting period, China Post Group strictly observed the Articles of Association and terms of agreements.

(VIII) Compliance with laws, regulations and regulatory requirements

During the reporting period, China Post Group was well versed in the requirements of Shareholders responsibilities in the Measures and related documents and strictly implemented laws, regulations and regulatory requirements. There were no major situations that may adversely affect the operation and management of the Bank.

The assessment found that the Bank complied with laws, regulations and regulatory requirements, continued to improve and standardize its equity management system, and had a clear equity structure. China Post Group's qualification and source of investment funds were found to be in compliance with laws and regulations, and it was well informed of the responsibilities and obligations of the substantial Shareholder in the Measures and relevant requirements. Further, it was confirmed that during the reporting period, it strictly adhered to laws, regulations, regulatory requirements and the Articles of Association, fulfilled its Shareholder responsibilities and obligations, performed Shareholder commitments, exercised Shareholder rights, had sound financial conditions, conducted transparent and fair transactions with the Bank. There were no improper related party transactions with the Bank or instances of using its influence over the Bank to obtain illegitimate benefits. It supported the Bank's Board of Directors in formulating reasonable capital planning, committed to replenishing capital to the Bank when necessary, and complied with regulatory requirements.

**REPORT ON THE IMPLEMENTATION OF THE PLAN ON AUTHORIZATION OF THE
SHAREHOLDERS' GENERAL MEETING TO THE BOARD OF DIRECTORS
OF POSTAL SAVINGS BANK OF CHINA CO., LTD. IN 2021**

According to the relevant provisions of the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors of Postal Savings Bank of China Co., Ltd. (the "**Plan on Authorization**"), the Bank conducted a self-inspection of the implementation of the Plan on Authorization from January 1, 2021 to December 31, 2021.

The self-inspection results showed that the Board of Directors of the Bank strictly adhered to the requirements of the Plan on Authorization, earnestly performed their duties, scientifically and prudently made decisions and exercised their authority and powers in a well-regulated way. The Plan on Authorization was well implemented and there was no case of approval by the Board of Directors beyond its authority.

**REPORT ON THE 2021 SPECIAL REPORT ON RELATED PARTY TRANSACTIONS
OF POSTAL SAVINGS BANK OF CHINA CO., LTD.**

In 2021, in compliance with domestic and overseas laws and regulations and the Administrative Measures on Related Party Transactions of Postal Savings Bank of China Co., Ltd. (2019 Revision), the Bank strictly implemented various institutional norms and enhanced the management of related party transactions with an aim to further improve the management system of related party transactions. The related party transaction management and related party transactions of the Bank conducted in 2021 are as follows:

I. Management of Related Party Transactions***(I) The Related Party Transactions Control Committee under the Board of Directors diligently performed duties and actively worked to advance the development of a related party transaction management system of the Bank***

The Related Party Transactions Control Committee under the Board of Directors held a total of three meetings, and reviewed and approved seven proposals including the 2020 Special Report on Related Party Transactions of Postal Savings Bank of China Co., Ltd. and the Proposal on the Forecasted Caps of Related Party Transactions of Postal Savings Bank of China from 2022 to 2024. In 2021, the Related Party Transactions Control Committee of the Board of Directors operated in a professional and independent manner, and the members earnestly fulfilled their duties and worked actively to advance the development of a related party transactions management system to ensure the legal compliance of related party transactions and safeguard the interests of the Bank and Shareholders.

(II) The Bank dynamically updated a multi-caliber list of related parties to consolidate the foundation of related party transaction management

The Bank regulated the identification of related parties in strict accordance with regulatory requirements, constantly implemented the related party information collection and management policies, urged related parties to accurately report changes in information, and updated and maintained a dynamic list of related parties. The Bank regularly submitted it to the Related Party Transactions Control Committee of the Board of Directors for consideration and reported it to the Board of Directors and the Board of Supervisors, so as to continuously consolidate the foundation of related party transaction management.

(III) The Bank implemented the regulatory requirements of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong and completed the forecast of the caps of related party transactions from 2022 to 2024

In compliance with the regulatory requirements of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong, the Bank made forecast on the caps of related party transactions from 2022 to 2024. The Proposal on the Forecasted Caps of Related Party Transactions of Postal Savings Bank of China from 2022 to 2024 was reviewed and approved by the Board of Directors, and was announced and disclosed. Meanwhile, the Bank further urged the responsible departments in the head office to properly implement and monitor the caps of related party transactions in its line of business on a daily basis, so as to ensure the standardized implementation of daily related party transactions.

(IV) The Bank strictly complied with the relevant requirements on corporate governance and ensured standardized implementation of related party transactions with controlling Shareholders

The Bank strictly complied with the relevant requirements on corporate governance and submitted three proposals to the Board of Directors for consideration and approval, namely the “Proposal on the Implementation of Decision-making Procedures for the Trademark Licensing Agreement between China Post Group Co., Ltd. and Postal Savings Bank of China Co., Ltd.”, “Proposal on the Renewal of the Comprehensive Services Framework Agreement between China Post Group Co., Ltd. and Postal Savings Bank of China Co., Ltd.” and “Proposal on the Renewal of the Land Use Rights and Property Leasing Framework Agreement between China Post Group Co., Ltd. and Postal Savings Bank of China Co., Ltd.”, and such proposals were announced and disclosed.

(V) The Bank cultivated the compliance culture for related party transaction management and improved the related party transaction management across the Bank

The Bank regularly organized special training on related party transaction management and fully communicated and exchanged ideas in terms of the management of related parties and related party transactions, the application and operation of the related party transaction management system, and tips and answers to frequently asked questions based on practices in this industry. Through these initiatives, the Bank performed well in cultivating a compliance culture for the related party transaction management and further enhancing the awareness and capability of the Bank in this regard and achieved better results.

(VI) The Bank advanced the function improvement of the related party transaction management system to enhance the informatization of related party transaction management

Based on external regulatory reporting, daily management needs and system usage, the Bank continued to optimize the functions of the related party transaction management system. It upgraded the functions of systematic reporting on related parties, relationships with them and related party transactions, and multi-dimensional and multi-calibre related party and related party transaction reports can be automatically generated. In view of above, the Bank further achieved enhancement of the completeness and accuracy of the related party list, and improvement of the quality and efficiency of related party transaction management.

II. Related Parties and Related Party Transactions

(I) Overview of Related Parties

In 2021, the Bank further improved the information management mechanism of related parties and strictly complied with regulations of the CBIRC and domestic and overseas stock exchanges, collected and updated the information of related parties and formed a list of related parties upon review and approval by the Related Party Transactions Control Committee under the Board of Directors. On the list, related natural persons mainly include Directors, Supervisors, senior management of the head office and their close relatives, as well as senior management of China Post Group Corporation Limited, etc.; related legal entities mainly include China Post Group Corporation Limited, China State Shipbuilding Corporation Limited, Shanghai International Port (Group) Co., Ltd. and their controlling Shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, and legal entities or other organizations controlled or significantly influenced by related natural persons.

(II) Overview of Related Party Transactions

In 2021, related party transactions were conducted in compliance with laws and regulations, and were in line with the interests of the Bank and its Shareholders as a whole. Based on the audited financial statements, related party transactions conducted in 2021 are as follows:

1. *Related party transactions with China Post Group Corporation Limited, the controlling Shareholder, and its relevant related parties.*

(1) Agency banking services provided by China Post Group Corporation Limited

The Bank entrusted China Post Group Corporation Limited to conduct certain commercial banking business through agency outlets. The deposit agency fees paid by the Bank to China Post Group Corporation Limited amounted to RMB93,376 million¹, and the composite agency fee rate was 1.29%, lower than the cap of 1.5%. Fees paid for the agency settlement services amounted to RMB7,935 million, and fees paid for agency sales services and other services amounted to RMB9,304 million.

In respect of deposit agency fee, the Bank conducted simulation analysis of the market funding costs. Considering the funding cost was comparable to the weighted rate of financial bonds issued by policy banks, the Bank took the weighted rate of financial bonds issued by policy banks deducting the weighted average rate paid on personal deposits as the reference for the cap on composite rate. The Bank selected policy banks mainly because they have no liability businesses and raised funds mainly by issue of bonds. Meanwhile, their credit ratings were comparable to that of the Bank. Based on the calculation, the composite rate of deposit agent fees is 1.29%, which is lower than the cap of rate of deposit agency fee of 1.3% under normal commercial terms deriving from the calculation of market funding cost set out above from 2017 to 2021².

(2) Mutual lease with China Post Group Corporation Limited and its relevant related parties

The Bank and China Post Group Corporation Limited and its relevant related parties leased properties, ancillary equipment and other assets to each other during the course of ordinary business. The Bank received RMB80 million for the leases provided to China Post Group Corporation Limited and its relevant related parties; and paid RMB1,010 million for the leases provided by China Post Group Corporation Limited and its relevant related parties.

(3) Comprehensive services and other transactions with China Post Group Corporation Limited and its relevant related parties

The Bank received a fee of RMB1,055 million for comprehensive services and sales of business materials rendered to China Post Group Corporation Limited and its relevant related parties, including transport and storage of banknotes, equipment maintenance, agency sales of insurance, agency sales of funds, entrusted management services, agency

1 In 2021, the deposit agency fees of Renminbi deposits were RMB93,376 million, the net settlement amount of the Bank's deposit-boosting mechanisms was RMB-4,197 million, and the deposit agency fees and other amounts of Renminbi deposits totaled RMB89,179 million.

2 The cap of rate of deposit agency fee under normal commercial terms calculated based on market funding cost set out above from 2017 to 2021 is: the weighted average rate of 2.86% of financial bonds issued by policy banks from 2017 to 2021, deducting the weighted average rate of 1.56% paid on personal deposits from 2017 to 2021.

sales of collective asset management plans, agency sales of precious metals, provision of fund depository services and sales of business materials. While the Bank paid a fee of RMB2,678 million for comprehensive services and purchase of goods including transport and storage of banknotes, equipment maintenance, advertising, mail, marketing, precious metal payment, underwriting and sponsorship services and purchasing goods from China Post Group Corporation Limited and its relevant related parties.

(4) Non-public offering of A Shares to China Post Group Corporation Limited

In March 2021, the Bank completed a non-public offering of 5,405,405,405 ordinary A Shares to China Post Group Corporation Limited at an offer price of RMB5.55 per share, raising gross proceeds of approximately RMB30,000 million. After deducting the offering costs, the actual net proceeds were approximately RMB29,985.92 million, all of which were used to supplement the core tier-1 capital of the Bank.

(5) Granting loans and issuing discounted bills and letters of guarantee to China Post Group Corporation Limited and its relevant related parties

The Bank issued discounted bills of RMB3 million to China Postal Express & Logistics Company Limited.

(6) Deposits from China Post Group Corporation Limited and its relevant related parties

Deposits from related parties including China Post Group Co., Ltd., China Postal Express & Logistics Company Limited and its subsidiaries, Shanghai Ule Network Technology Co., Ltd. and China Post Technology Co., Ltd. amounted to RMB10,475 million.

(7) Other businesses with China Post Group Corporation Limited and its relevant related parties

Placements with banks and other financial institutions between the Bank and China Post Life Insurance Co., Ltd. and China Post Securities Company Limited and other related parties amounted to RMB1,799 million, Investments in financial assets between the Bank and China Post Group Co., Ltd. and China Post & Capital Fund Management Co., Ltd. and other related parties amounted to RMB6,400 million, fee and commission income amounted to RMB31 million, fee and commission expense amounted to RMB23 million, and operation and management fees amounted to RMB32 million.

2. *Related party transactions with the substantial Shareholder and their relevant related parties.*

The transactions with the substantial Shareholder, Shanghai International Port (Group) Co., Ltd., China State Shipbuilding Corporation Limited and their relevant related parties, mainly comprise of loans and bills business with an amount of RMB968 million, and deposits of RMB62 million.

3. *Related party transactions with related legal entities caused by related natural persons.*

The related party transactions with related legal entities caused by related natural persons mainly include loans of RMB4 million, deposits of RMB4,714 million, and fees and commissions of RMB5,725 million.

4. *Related party transactions with related natural persons.*

The related party transactions with related natural persons were mainly loans of RMB121 million and deposits of RMB276 million.

In 2021, the above-mentioned related party transactions were conducted in compliance with laws, as well as in line with the interests of the Bank and its Shareholders as a whole. In addition, in accordance with the relevant rules of the stock exchanges in mainland China and overseas and verified and confirmed by the auditors, the Bank's continuing related party transactions in 2021 were conducted pursuant to relevant transaction agreements and had not exceeded the cap.