

# Composition of Capital

## Composition of Capital

*In millions of RMB, except for percentage*

		Amounts
<b>Core tier-1 capital:</b>		
1	Paid-in capital	81,031
2	Retained earnings	190,770
2a	Surplus reserves	20,395
2b	General reserve	93,803
2c	Retained profits	76,572
3	Accumulated other comprehensive income (and other public reserves)	74,729
3a	Capital reserve	74,659
3b	Others	70
4	Valid portion to core tier-1 capital during the transition period (only applicable to non-joint stock companies. Fill in 0 for joint stock banks)	—
5	Valid portion of minority interest	44
6	Core tier-1 capital before regulatory adjustments	346,574
<b>Core tier-1 capital: Regulatory adjustments</b>		
7	Prudential valuation adjustments	—
8	Goodwill (net of deferred tax liabilities)	—
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	1,744
10	Deferred tax assets that rely on future profitability and arising from operating loss	13
11	Reserves that relate to the cash flow hedging of items that are not fair valued on the balance sheet	—
12	Shortfall of provision for loan impairment	—
13	Gain on sale related to asset securitization	—
14	Unrealized gains and losses due to changes in fair value of liabilities self credit risk caused by changes in self credit risk	—
15	Defined-benefit pension fund net assets (net of deferred tax liabilities)	—
16	Directly or indirectly holding the Banks ordinary shares	—
17	Reciprocal cross-holdings in core tier-1 capital between banks or between banks and other financial institutions	—
18	Deductible amount of insignificant minority investment in core tier-1 capital instruments issued by financial institutions that are not subject to consolidation	—
19	Deductible amount of significant minority investment in core tier-1 capital instruments issued by financial institutions that are not subject to consolidation	—
20	Mortgage servicing rights	Not applicable
21	Other deductible amount in deferred tax assets dependent on future profitability	—

*In millions of RMB, except for percentage*

	Amounts
22 Deductible amount exceeding the 15% threshold for significant minority capital investments in core tier-1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences	—
23 Including: Deductible amount of significant minority investments in core tier-1 capital instruments issued by financial institutions	—
24 Including: Deductible amount of mortgage servicing rights	Not applicable
25 Including: Deductible amount in deferred tax assets arising from temporary differences	—
26a Investment in core tier-1 capital instruments issued by financial institutions that are under control but not subject to consolidation	—
26b Shortfall in core tier-1 capital instruments issued by financial institutions that are under control but not subject to consolidation	—
26c Others that should be deducted from core tier-1 capital	—
27 Undeducted shortfall that should be deducted from additional tier-1 capital and tier-2 capital	—
28 Total regulatory adjustments to core tier-1 capital	1,757
29 Core tier-1 capital	344,817
<b>Additional tier-1 capital:</b>	
30 Additional tier-1 capital instruments and related premium	—
31 Including: Portion classified as equity	—
32 Including: Portion classified as liabilities	—
33 Invalid instruments to additional tier-1 capital after the transition period	—
34 Qualifying non-controlling interests	6
35 Including: invalid portion to additional tier-1 capital excluded after the transition period	—
36 Additional tier-1 capital before regulatory adjustments	—
<b>Additional tier-1 capital: Regulatory adjustments</b>	
37 Directly or indirectly holding additional tier-1 capital of the Bank	—
38 Reciprocal cross-holdings in additional tier-1 capital between banks or between banks and other financial institutions	—
39 Deductible amount of non-significant minority investment in additional tier-1 capital instruments issued by financial institutions that are not subject to consolidation	—
40 Significant minority investments in additional tier-1 capital instruments issued by financial institutions that are not subject to consolidation	—
41a Investment in additional tier-1 capital instruments issued by financial institutions that are under control but not subject to consolidation	—
41b Shortfall in additional tier-1 capital instruments issued by financial institutions that are under control but not subject to consolidation	—
41c Others that should be deducted from additional tier-1 capital	—
42 Undeducted shortfall that should be deducted from tier-2 capital	—
43 Total regulatory adjustments to additional tier-1 capital	—
44 Additional tier-1 capital	6
45 Tier-1 capital (core tier 1 capital + additional tier-1 capital)	344,823

*In millions of RMB, except for percentage*

	Amounts
<b>Tier 2 capital:</b>	
46 Tier 2 Capital instruments and related premium	55,000
47 Invalid tier 2 instruments to capital after the transition period	—
48 Valid portion of minority interests	12
49 Including: Invalid portion to tier 2 capital after the transition period	—
50 Valid portion of surplus provision for loan impairment	45,084
51 Tier 2 capital before regulatory adjustments	100,096
<b>Tier 2 Capital: Regulatory adjustments</b>	
52 Directly or indirectly holding tier 2 capital of the Bank	—
53 Reciprocal cross-holdings in tier 2 capital between banks or between banks and other financial institutions	—
54 Deductible portion of non-significant minority investment in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	—
55 Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	—
56a Investment in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	—
56b Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	—
56c Others that should be deducted from tier 2 capital	—
57 Total regulatory adjustments to tier 2 capital	—
58 Tier 2 capital	100,096
59 Total capital (tier 1 capital + tier 2 capital)	444,919
60 Total risk-weighted assets	3,995,908
<b>Requirements for capital adequacy ratio and reserve capital (%)</b>	
61 Core tier 1 capital adequacy ratio	8.63
62 Tier 1 capital adequacy ratio	8.63
63 Capital adequacy ratio	11.13
64 Institution specific capital requirement	1.70
65 Including: Capital conservation buffer requirement	1.70
66 Including: Counter cyclical buffer requirement	—
67 Including: Additional buffer requirement of global systematically important banks	—
68 Percentage of core tier 1 capital meeting buffers to risk-weighted assets	1.93

*In millions of RMB, except for percentage*

	Amounts
<b>Domestic minimum requirements for regulatory capital (%)</b>	
69 Core tier 1 capital adequacy ratio	6.70
70 Tier 1 capital adequacy ratio	7.70
71 Capital adequacy ratio	9.70
<b>Amounts below the thresholds for deduction</b>	
72 Undeducted amount of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	11,598
73 Undeducted amount of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	—
74 Mortgage servicing rights (net of deferred tax liabilities)	Not applicable
75 Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	13,464
<b>Valid caps of surplus provision for loan impairment to tier 2 capital</b>	
76 Provision for loan impairment under the weighted approach	45,084
77 Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	45,084
78 Surplus provision for loan impairment under the internal ratings-based approach	—
79 Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	—
<b>Capital instruments subject to phase-out arrangements</b>	
80 Valid cap to core tier 1 capital instruments for the current period due to phase-out arrangements	—
81 Excluded from core tier 1 capital due to phase-out arrangements	—
82 Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements	—
83 Excluded from additional tier 1 capital due to phase-out arrangements	—
84 Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements	—
85 Excluded from tier 2 capital for the current period due to phase-out arrangements	—

## Detailed Description of Related Items

*In millions of RMB*

	The regulatory consolidated balance sheet	Code
Goodwill	—	a
Deferred income tax liabilities	(52)	b
Including: Deferred tax liabilities related to goodwill	—	c
Including: Deferred tax liabilities related to other intangible assets other than land use rights	—	d
Paid-in capital	81,031	
Including: Amount included in core tier-1 capital	81,301	e
Including: Amount included in additional tier-1 capital	—	f
Capital reserve	74,659	g
Surplus reserve	20,395	h
General reserve	93,803	i
Undistributed profits	76,572	j
Other comprehensive income	70	k

## Corresponding Relationship Between the Capital Items under Regulatory Parameter And the Items under the Balance Sheet

*In millions of RMB*

	Amount	Code
<b>Core tier 1 capital:</b>		
1 Paid-in capital	81,031	e
2 Retained earnings	190,770	h+i+j
2a Surplus reserve	20,395	h
2b General reserve	93,803	i
2c Undistributed profits	76,572	j
3 Accumulated other comprehensive income and disclosed reserve	74,729	g+k
3a Capital reserve	74,659	g
3b Others	70	k

## Main Features of Qualified Capital Instruments

	Ordinary shares (H Shares)	Tier 2 capital instruments	Tier 2 capital instruments
1 Issuer	Postal Savings Bank of China Co., Ltd.	Postal Savings Bank of China Co., Ltd.	Postal Savings Bank of China Co., Ltd.
2 Identification code	1658.HK	1528007.IB	1628016.IB
3 Applicable laws	The SFO	PRC laws	PRC laws
Regulatory process			
4 Including: Applicable to rules for the transitional period of Measures for Capital Management of Commercial Bank (Trial) are applicable	Core tier 1 capital	Tier 2 capital	Tier 2 capital
5 Including: Applicable to rules after the transitional period of Measures for Capital Management of Commercial Bank (Trial) are applicable	Core tier 1 capital	Tier 2 capital	Tier 2 capital
6 Including: Applicable to legal representatives/groups	Legal representatives and groups	Legal representatives and groups	Legal representatives and groups
7 Instrument type	Ordinary shares	Tier 2 capital instruments	Tier 2 capital instruments
8 Amount that can be included in regulatory capital (in RMB millions; on the latest reporting date)	50,102	25,000	30,000
9 Instrument book value	RMB1	RMB100	RMB100
10 Accounting treatment	Equity and capital reserve	Debt securities issued	Debt securities issued
11 Initial issuance date	September 28, 2016	September 7, 2015	October 26, 2016
12 Whether there is a deadline (terminable or continuous)	Continuous	Terminable	Terminable
13 Including: Original deadline	No expiration date	September 9, 2025	October 28, 2026
14 Redeemed by issuer (to be approved by regulators)	No	Yes	Yes
15 Including: Redemption date (or convenient redemption date) and limit	Not applicable	September 9, 2020 Partial or full	October 28, 2021 Partial or full
16 Including: Subsequent redemption date (if any bonuses or dividends)	Not applicable	Not applicable	Not applicable

	Ordinary shares (H Shares)	Tier 2 capital instruments	Tier 2 capital instruments
17 Including: Fixed or floating bonuses/ dividends	Floating	Fixed	Fixed
18 Including: Book interest rate and relevant indices	Not applicable	4.50%	3.30%
19 Including: Whether there is a dividend brake mechanism	Not applicable	No	No
20 Including: Whether bonuses or dividends can be cancelled independently	Complete discretion right	No	No
21 Including: Whether there is a redemption incentive mechanism	No	No	No
22 Including: Accumulation or non- accumulation	Non-accumulation	Not applicable	Not applicable
23 Whether shares are transferable	No	No	No
24 Including: Clarifying trigger events for transferring if shares are transferable	Not applicable	Not applicable	Not applicable
25 Including: Clarifying whether shares are wholly or partially transferable if shares are transferable	Not applicable	Not applicable	Not applicable
26 Including: Clarifying how to confirm the transfer price if shares are transferable	Not applicable	Not applicable	Not applicable
27 Including: Clarifying whether shares are compulsorily transferred if shares are transferable	Not applicable	Not applicable	Not applicable
28 Including: Clarifying instrument type after transferring if shares are transferable	Not applicable	Not applicable	Not applicable
29 Including: Clarifying instrument issuer after transferring if shares are transferable	Not applicable	Not applicable	Not applicable
30 Whether write-down shall be committed	No	Yes	Yes



	Ordinary shares (H Shares)	Tier 2 capital instruments	Tier 2 capital instruments
31 Including: Clarifying write-down trigger points if write-down shall be committed	Not applicable	Trigger events refer to the following two events whichever is earlier: 1. the CBRC has determined that, if there is no write-down, the issuers will not be able to survive, or 2. relevant departments have determined that, if there is no capital injection or equivalent support from the public departments, the issuers will not be able to survive.	Trigger events refer to the following two events whichever is earlier: 1. the CBRC has determined that, if there is no write-down, the issuers will not be able to survive, or 2. relevant departments have determined that, if there is no capital injection or equivalent support from the public departments, the issuers will not be able to survive.
32 Including: Clarifying whether it is partially or wholly written down if write-down shall be committed	Not applicable	Wholly	Wholly
33 Including: Clarifying whether the write-down is permanent or temporary if write-down shall be committed	Not applicable	Permanent	Permanent
34 Including: Clarifying book value recovery mechanism if the write-down is temporary	Not applicable	Not applicable	Not applicable

	Ordinary shares (H Shares)	Tier 2 capital instruments	Tier 2 capital instruments
35 Liquidation priority during settlement (clarifying instrument type with higher liquidation priority)	Ranking after depositors, general creditors, and subordinated creditors	The liquidation order of the principal of the bonds and the payment order of the interest are after depositors and general creditors and before equity capital, other tier-1 capital instruments and mixed capital bonds. The current bonds are in the same liquidation order as other subordinated debts which are issued by the issuer and in the same repayment order as the current bonds, and are in the same repayment order as other subordinated debts which may be issued in the future and in the same repayment order as current bonds.	The liquidation order of the principal of the bonds and the payment order of the interest are after depositors and general creditors and before equity capital, other tier-1 capital instruments and mixed capital bonds. The current bonds are in the same liquidation order as other subordinated debts which are issued by the issuer and in the same repayment order as the current bonds, and are in the same repayment order as other subordinated debts which may be issued in the future and in the same repayment order as current bonds.
36 Whether there are temporary ineligible features Including: Clarifying such features if they exist	No  Not applicable	No  Not applicable	No  Not applicable