

LIQUIDITY COVERAGE RATIO

In millions of RMB, except for percentages

Item	December 31, 2019	December 31, 2018
High-quality liquid assets	2,087,050	1,578,769
Net cash outflow for the next 30 days	892,514	701,046
Liquidity coverage ratio (%)	233.84	225.20

The Net Stable Funding Ratio

In millions of RMB, except for percentages

Item	December 31, 2019	September 30, 2019	June 30, 2019
Total available stable funding	8,707,480	8,562,391	8,480,362
Total required stable funding	5,236,481	5,172,983	5,360,420
The net stable funding ratio (%)	166.28	165.52	158.20

The net stable funding ratio ("NSFR") is introduced to ensure commercial banks have sufficient stable sources of funding to meet the needs for stable funding of assets and off-balance sheet risk exposures. According to the minimum regulatory standard set by the Measures for the Liquidity Risk Management of Commercial Banks, NSFR should be no less than 100% from July 1, 2018.

The formula for calculating the NSFR is:

The net stable funding ratio = available stable funding/required stable funding x 100%

Available stable funding refers to the sum of products of book value of a commercial bank's capital and liabilities with associated available stable funding factors. Required stable funding refers to the sum of products of book value of a commercial bank's assets and off-balance sheet exposures with associated required stable funding factors.

As at the end of December 2019, the NSFR was 166.28%, meeting the regulatory requirement.

LEVERAGE RATIO

In millions of RMB, except for percentages

Item	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Tier 1 capital – net	540,160	505,633	488,763	488,067
On and off-balance sheet assets after adjustments	10,669,732	10,559,371	10,463,878	10,556,374
Leverage ratio (%)	5.06	4.79	4.67	4.62

No.	Item	December 31, 2019	December 31, 2018
1	On-balance sheet assets (excluding derivatives and securities financing transactions)	10,064,303	9,269,358
2	Less: Deduction from tier 1 capital	2,058	1,696
3	On-balance sheet assets after adjustments (excluding derivatives and securities financing transactions)	10,062,245	9,267,662
4	Replacement costs of various derivatives (excluding eligible margin)	4,094	7,166
5	Potential risk exposures of various derivatives	10,958	12,510
6	Total collateral deducted from the balance sheet	–	–
7	Less: Assets receivable arising from the provision of eligible margin	–	–
8	Less: Derivative assets arising from central counterparty transactions when providing clearing services to customers	–	–
9	Nominal principals arising from sales of credit derivatives	–	–
10	Less: Deductible assets arising from sales of credit derivatives	–	–
11	Derivative assets	15,052	19,676
12	Accounting assets arising from securities financing transactions	147,394	239,687
13	Less: Deductible assets arising from securities financing transactions	–	–
14	Counter-party credit risk exposure arising from securities financing transactions	7,910	3,169
15	Assets arising from the agency services in connection with securities financing transactions	0	–
16	Securities financing transactions assets	155,304	242,856
17	Off-balance sheet assets	1,336,713	1,066,842
18	Less: Decrease in off-balance sheet assets due to credit conversion	899,582	725,870
19	Off-balance sheet assets after adjustments	437,131	340,972
20	Tier 1 capital – net	540,160	469,605
21	On and off-balance sheet assets after adjustments	10,669,732	9,871,166
22	Leverage ratio (%)	5.06	4.76

COMPOSITION OF CAPITAL

In millions of RMB, except for percentages

Core tier 1 capital:		Amount
1	Paid-in capital	86,203
2	Retained earnings	309,999
2a	Surplus reserves	36,439
2b	General reserve	116,129
2c	Undistributed profits	157,431
3	Accumulated other comprehensive income and disclosed reserve	97,477
3a	Capital reserve	97,477
3b	Others	0
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 interests	591
6	Core tier 1 capital before regulatory adjustments	494,270
Core tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	–
8	Goodwill (net of deferred tax liabilities)	0
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	2,058
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities)	–
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	0
13	Gain on sale related to asset securitization	–
14	Unrealized gains and losses that have resulted from changes in the fair value of liabilities due to changes in own credit risk	–
15	Defined-benefit pension fund net assets (net of deferred tax liabilities)	–
16	Directly or indirectly holding in own ordinary shares	–
17	Reciprocal cross-holdings in core tier 1 capital between banks or between banks and other financial institutions	–
18	Deductible amount of non-significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	0
19	Deductible amount of significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	0
20	Mortgage servicing rights	–
21	Other deductible amount in deferred tax assets dependent on future profitability	0
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 (net of related tax liabilities)	0

COMPOSITION OF CAPITAL

Core tier 1 capital:		Amount
23	Including: Deductible amount of significant minority investments in core tier 1 capital instruments issued by financial institutions	0
24	Including: Deductible amount of mortgage servicing rights	–
25	Including: Deductible amount in deferred tax assets arising from temporary differences	0
26a	Investment in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	0
26b	Shortfall in core tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	0
26c	Others that should be deducted from core tier 1 capital	0
27	Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital	0
28	Total regulatory adjustments to core tier 1 capital	2,058
29	Core tier 1 capital	492,212
Additional tier 1 capital:		
30	Additional tier 1 capital instruments and related premium	47,869
31	Including: Portion classified as equity	47,869
32	Including: Portion classified as liabilities	–
33	Invalid instruments to additional tier 1 capital after the transition period	–
34	Valid portion of minority interests	79
35	Including: invalid portion to additional tier 1 capital excluded after the transition period	–
36	Additional tier 1 capital before regulatory adjustments	47,948
Additional tier 1 capital: regulatory adjustments		
37	Directly or indirectly investments in own additional tier 1 instruments	–
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	0
40	Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	0
41a	Investment in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	0
41b	Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	0
41c	Others that should be deducted from additional tier 1 capital	0
42	Undeducted shortfall that should be deducted from tier 2 capital	0
43	Total regulatory adjustments to additional tier 1 capital	0
44	Additional tier 1 capital	47,948
45	Tier 1 capital (core tier 1 capital + additional tier 1 capital)	540,160

COMPOSITION OF CAPITAL

Core tier 1 capital:		Amount
Tier 2 capital:		
46	Tier 2 capital instruments and related premium	74,944
47	Invalid instruments to tier 2 capital after the transition period	–
48	Valid portion of minority interests	158
49	Including: Invalid portion to tier 2 capital after the transition period	–
50	Valid portion of surplus provision for loan impairment	56,572
51	Tier 2 capital before regulatory adjustments	131,674
Tier 2 capital: regulatory adjustments		
52	Directly or indirectly investments in own tier 2 instruments	0
53	Reciprocal cross-holdings in tier 2 capital between banks or between banks and other financial institutions	0
54	Deductible portion of non-significant minority investment in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	0
55	Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	0
56a	Investment in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	0
56b	Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	0
56c	Others that should be deducted from tier 2 capital	0
57	Total regulatory adjustments to tier 2 capital	0
58	Tier 2 capital	131,674
59	Total capital (tier 1 capital + tier 2 capital)	671,834
60	Total risk-weighted assets	4,969,658
Requirements for capital adequacy ratio and reserve capital		
61	Core tier 1 capital adequacy ratio	9.90
62	Tier 1 capital adequacy ratio	10.87
63	Capital adequacy ratio	13.52
64	Institution specific capital requirement	2.50
65	Including: Capital conservation buffer requirement	2.50
66	Including: Countercyclical buffer requirement	–
67	Including: G-SIB buffer requirement	–
68	Percentage of core tier 1 capital meeting buffers to risk-weighted assets	2.40
Domestic minimum requirements for regulatory capital		
69	Core tier 1 capital adequacy ratio	7.50
70	Tier 1 capital adequacy ratio	8.50
71	Capital adequacy ratio	10.50

COMPOSITION OF CAPITAL

Core tier 1 capital:		Amount
Amounts below the thresholds for deduction		
72	Undeducted amount of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	37,256
73	Undeducted amount of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	0
74	Mortgage servicing rights (net of deferred tax liabilities)	0
75	Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	47,237
Valid caps of surplus provision for loan impairment to tier 2 capital		
76	Provision for loan impairment under the weighted approach	168,115
77	Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	56,572
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	–
Capital instruments subject to phase-out arrangements		
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	–

COMPOSITION OF CAPITAL

Detailed Description of Related Items

in millions of RMB

	The regulatory consolidated balance sheet	Code
Goodwill	0	a
Intangible assets	2,058	b
Deferred income tax liabilities	0	
Including: Deferred tax liabilities related to goodwill	0	c
Including: Deferred tax liabilities related to other intangible assets other than land use rights	0	d
Paid-in capital		
Including: Amount included in core tier 1 capital	86,203	e
Other equity instruments		
Including: Preference shares	47,869	f
Capital reserve	97,477	g
Others	0	h
Surplus reserves	36,439	i
General reserve	116,129	j
Undistributed profits	157,431	k

COMPOSITION OF CAPITAL

Correspondence between All the Items Disclosed in the Second Step and Items in the Disclosure Template of Capital Composition

in RMB millions

Core tier 1 capital:		Amount	Code
1	Paid-in capital	86,203	e
2	Retained earnings	309,999	i+j+k
2a	Surplus reserves	36,439	i
2b	General reserve	116,129	j
2c	Undistributed profits	157,431	k
3	Accumulated other comprehensive income and disclosed reserve	97,477	g+h
3a	Capital reserve	97,477	g
3b	Others	0	h
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 interests	591	
6	Core tier 1 capital before regulatory adjustments	494,270	
Core tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	–	
8	Goodwill (net of deferred tax liabilities)	0	
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	2,058	a
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities)	–	b-c-d
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	0	
13	Gain on sale related to asset securitization	–	
14	Unrealized gains and losses that have resulted from changes in the fair value of liabilities due to changes in own credit risk	–	
15	Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	
16	Directly or indirectly holding in own ordinary shares	–	
17	Reciprocal cross-holdings in core tier 1 capital between banks or between banks and other financial institutions	–	
18	Deductible amount of non-significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	0	
19	Deductible amount of significant minority investment in core tier 1 capital instruments issued by financial institutions that are not subject to consolidation	0	
20	Mortgage servicing rights	–	
Additional tier 1 capital:			
30	Additional tier 1 capital instruments and related premium	47,869	f
31	Including: Portion classified as equity	47,869	f

COMPOSITION OF CAPITAL

Main Features of Qualified Capital Instruments	Ordinary shares (A shares)	Ordinary shares (H shares)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Preference shares (overseas)
1 Issuer	Postal Savings Bank of China Co., Ltd.	Postal Savings Bank of China Co., Ltd.	Postal Savings Bank of China Co., Ltd.	Postal Savings Bank of China Co., Ltd.	Postal Savings Bank of China Co., Ltd.	Postal Savings Bank of China Co., Ltd.
2 Identification code	601658.SH	1658.HK	1528007.IB	1628016.IB	1728005.IB	4612
3 Applicable laws	PRC laws	PRC/Hong Kong laws	PRC laws	PRC laws	PRC laws	The creation and issuance of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by and shall be construed in accordance with PRC laws
Regulatory processing						
4 Including: Applicable to transitional period rules specified by Administrative Measures for the Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Additional tier 1 capital
5 Including: Applicable to the rules after expiration of the transitional period specified by Administrative Measures for the Capital of Commercial Banks (Provisional)	Core tier 1 capital	Core tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Additional tier 1 capital
6 Including: Applicable to bank/group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level
7 Instrument type	Core tier 1 capital instruments	Core tier 1 capital instruments	Tier 2 capital instruments	Tier 2 capital instruments	Tier 2 capital instruments	Additional tier 1 capital instruments
8 Amount that can be included in regulatory capital (in millions; on the latest reporting date)	RMB28,001	RMB74,482	RMB24,983	RMB29,977	RMB19,984	RMB47,869
9 Par value of instrument (in millions)	RMB67,122	RMB19,856	RMB25,000	RMB30,000	RMB20,000	USD7,250
10 Accounting treatment	Share capital, capital reserve	Share capital, capital reserve	Bonds payable	Bonds payable	Bonds payable	Other equity instruments
11 Initial issuance date	November 28, 2019	September 28, 2016	September 7, 2015	October 26, 2016	March 22, 2017	September 27, 2017
12 Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated	Perpetual
13 Including: Original maturity date	No Maturity Date	No Maturity Date	September 9, 2025	October 28, 2026	March 24, 2027	No Maturity Date

COMPOSITION OF CAPITAL

Main Features of Qualified Capital Instruments	Ordinary shares (A shares)	Ordinary shares (H shares)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Preference shares (overseas)
14 Issuer's redemption (subject to regulatory approval)	No	No	Yes	Yes	Yes	Yes
15 Including: Redemption date (or contingent redemption date) and amount	Not applicable	Not applicable	September 9, 2020, part or full	October 28, 2021, part or full	March 24, 2022, part or full	The first redemption date is September 27, 2022, full or part
16 Including: Subsequent redemption date (if any)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	September 27 in each year after the first redemption date
Dividend or interest payment						
17 Including: Fixed or floating dividend or interest payment	Floating	Floating	Fixed	Fixed	Fixed	Floating: The dividend yield is fixed in a single dividend yield adjustment cycle (five years) and is reset every five years
18 Including: Coupon rate and relevant indicators	Not applicable	Not applicable	4.50%	3.30%	4.50%	The dividend yield in the first five years is 4.50%, and it is reset every five years based on the yield of five-year US treasury bond on the resetting date plus 263.4 basis points
19 Including: Existence of dividend brake mechanism	Not applicable	Not applicable	No	No	No	Yes
20 Including: Discretion to cancel dividend or interest payment	Full discretion	Full discretion	No	No	No	Full discretion
21 Including: Existence of redemption incentive mechanism	No	No	No	No	No	No
22 Including: Cumulative or noncumulative	Noncumulative	Noncumulative	Not applicable	Not applicable	Not applicable	Noncumulative
23 Conversion into shares	No	No	No	No	No	Yes

COMPOSITION OF CAPITAL

Main Features of Qualified Capital Instruments	Ordinary shares (A shares)	Ordinary shares (H shares)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Preference shares (overseas)
24 Including: Please specify the trigger condition for share conversion, if allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Upon the occurrence of any additional tier 1 capital instrument trigger event, that is, the CET 1 CAR drops to 5.125% or below; or upon the occurrence of any tier 2 capital instrument trigger event, which means either of the following circumstances (whichever is earlier): (1) the CBIRC having concluded that a share conversion or write-off is necessary without which the Bank would become non-viable; or (2) the relevant authorities have determined that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable
25 Including: Please specify share conversion in whole or in part, if allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Upon the occurrence of additional tier 1 capital instrument trigger event, the Bank shall have the right to, without the consent of holders of preference shares, convert all or part of the issued and outstanding overseas preference shares into common H shares; upon the occurrence of tier 2 capital instrument trigger event, the Bank shall have the right to, without the consent of holders of preference shares, convert all of the issued and outstanding overseas preference shares into common H shares
26 Including: Please specify the method to determine the conversion price, if share conversion is allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	The initial conversion price is the average trading price of common H shares of the Bank in the 20 trading days prior to the announcement date of the Board resolution (March 24, 2017) on the Offshore Preference Shares issuance

COMPOSITION OF CAPITAL

Main Features of Qualified Capital Instruments	Ordinary shares (A shares)	Ordinary shares (H shares)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Preference shares (overseas)
27 Including: Please specify share conversion is mandatory or not, if it is allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Mandatory
28 Including: Please specify the instrument type after conversion, if allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Core tier 1 capital
29 Including: Please specify the issuer of the instrument type after conversion, if allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	The Bank
30 Write-down or not	No	No	Yes	Yes	Yes	No
31 Including: Please specify the trigger point of write-down, if allowed	Not applicable	Not applicable	Trigger events refer to either of the following circumstances (whichever is earlier): 1. the CBIRC having concluded that a write-off is necessary without which the issuer would become non-viable; or 2. the relevant authorities having concluded that a public sector injection of capital or equivalent support is necessary without which the issuer would become non-viable	Trigger events refer to either of the following circumstances (whichever is earlier): 1. the CBIRC having concluded that a write-off is necessary without which the issuer would become non-viable; or 2. the relevant authorities having concluded that a public sector injection of capital or equivalent support is necessary without which the issuer would become non-viable	Trigger events refer to either of the following circumstances (whichever is earlier): 1. the CBIRC having concluded that a write-off is necessary without which the issuer would become non-viable; or 2. the relevant authorities having concluded that a public sector injection of capital or equivalent support is necessary without which the issuer would become non-viable	Not applicable
32 Including: Please specify write-down in part or in whole, if allowed	Not applicable	Not applicable	In whole	In whole	In whole	Not applicable
33 Including: Please specify the write-down is perpetual or temporary, if write-down is allowed	Not applicable	Not applicable	Perpetual	Perpetual	Perpetual	Not applicable

COMPOSITION OF CAPITAL

Main Features of Qualified Capital Instruments	Ordinary shares (A shares)	Ordinary shares (H shares)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Preference shares (overseas)
34 Including: Please specify the book entry value recovery mechanism, if temporary write-down	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
35 Hierarchy of claims (please specify instrument types enjoying higher priorities)	After depositor, general creditor, and holders of subordinated debts (including tier 2 capital bonds) and additional tier 1 capital instruments	After depositor, general creditor, and holders of subordinated debts (including tier 2 capital bonds) and additional tier 1 capital instruments	After depositor and general creditor and before equity capital, additional 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 priority as additional tier 2 capital instruments that may be issued in the future and in the same repayment order as the current bonds	After depositor and general creditor and before equity capital, additional 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 priority as additional tier 2 capital instruments that may be issued in the future and in the same repayment order as the current bonds	After depositor and general creditor and before equity capital, additional tier 1 capital instrument 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 priority as additional tier 2 capital instruments that may be issued in the future and in the same repayment order as the current bonds	After depositor, general creditor, and holders of subordinated debts (including tier 2 capital instruments), pari passu with those capital instruments with the same repayment order
36 Does the instrument contain temporary illegible attribute?	No	No	No	No	No	No
37 Including: If yes, please specify such attribute	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable