中国邮政储蓄银行
POSTAL SAVINGS BANK OF CHINA

Postal Savings Bank of China Co., Ltd.

2024 Pillar 3 Disclosure Report on Capital Management

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1 Introduction

1.1 Preparation Basis

The Report is prepared and disclosed in accordance with the Rules on Capital Management of Commercial Banks (Decree No. 4 of National Financial Regulatory Administration, 2023) and relevant regulations.

1.2 Disclaimer

The Bank has established a sound governance structure for Pillar 3 disclosure of capital management, which is approved by the Board of Directors. Moreover, the senior management has implemented effective internal control procedures, and reasonably reviewed information disclosure, to ensure that Pillar 3 disclosures are true and reliable. The Report was reviewed by the senior management of the Bank and submitted to and considered and approved by the Board of Directors of the Bank on March 27, 2025.

The Report is prepared in accordance with the Rules on Capital Management of Commercial Banks and relevant regulations rather than the financial accounting standards.

2 Overview of Risk Management, Key Prudential Regulatory Indicators and Risk Weighted Assets

2.1 Table KM1: Key Prudential Regulatory Metrics at Consolidated Group Level

In RMB million, except for percentages

		a As at December 31, 2024	b As at September 30, 2024	c As at June 30, 2024	d As at March 31, 2024
Available capital (amounts)					
1	Net Common Equity Tier 1 (CET1) capital	824,191	826,754	799,366	802,322
2	Net tier 1 capital	1,024,332	1,026,922	999,498	1,002,470
3	Net capital	1,244,111	1,248,661	1,219,300	1,221,214
Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	8,617,743	8,773,018	8,613,974	8,523,447
4a	Total risk-weighted assets (pre-floor)	8,617,743	8,773,018	8,613,974	8,523,447
Risk-based capital ratios as a percentage of RWA					
5	CET1 capital adequacy ratio (%)	9.56	9.42	9.28	9.41
5a	CET1 capital adequacy ratio (%) (pre-floor ratio)	9.56	9.42	9.28	9.41
6	Tier 1 capital adequacy ratio (%)	11.89	11.71	11.60	11.76
6a	Tier 1 capital adequacy ratio (%) (pre-floor ratio)	11.89	11.71	11.60	11.76
7	Capital adequacy ratio (%)	14.44	14.23	14.15	14.33
7a	Capital adequacy ratio (%) (pre-floor ratio)	14.44	14.23	14.15	14.33
Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (%)	2.50	2.50	2.50	2.50
9	Countercyclical buffer requirement (%)	–	–	–	–
10	Bank G-SIB and/or D-SIB additional requirements (%) (1)	0.50	0.50	0.50	0.50
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	3.00	3.00	3.00	3.00
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.56	4.42	4.28	4.41
Leverage ratio					
13	Adjusted on- and off-balance sheet exposures	17,907,043	17,526,447	17,155,120	16,951,270
14	Leverage ratio (%) (2)	5.72	5.86	5.83	5.91
14a	Leverage ratio a (%) (3)	5.72	5.86	5.83	5.91
14b	Leverage ratio b (%) (4)	5.73	5.88	5.83	5.95
14c	Leverage ratio c (%) (5)	5.73	5.88	5.83	5.95
Liquidity coverage ratio					
15	High-quality liquid assets	3,296,267	3,152,739	3,194,323	2,925,137
16	Net cash outflow	1,147,394	1,212,804	1,315,009	1,035,196
17	Liquidity coverage ratio (%)	287.28	259.95	242.91	282.57
Net stable funding ratio					
18	Total available stable funding	14,555,976	14,246,095	14,081,132	13,873,254
19	Total required stable funding	8,472,650	8,400,400	8,322,703	8,367,044
20	Net stable funding ratio (%)	171.80	169.59	169.19	165.81

Notes: (1) As at the end of the reporting period, the Bank was a Group II domestic systemically important bank, to which the additional capital requirement of 0.5 percent applies.

(2) Leverage ratio refers to the leverage ratio taking into account the temporarily exempted deposit reserves.

(3) Leverage ratio a refers to the leverage ratio without taking into account the temporarily exempted deposit reserves.

(4) Leverage ratio b refers to the leverage ratio calculated using the simple arithmetic average of the daily balances of securities financing transactions during the latest quarter, taking into account the temporarily exempted deposit reserves.

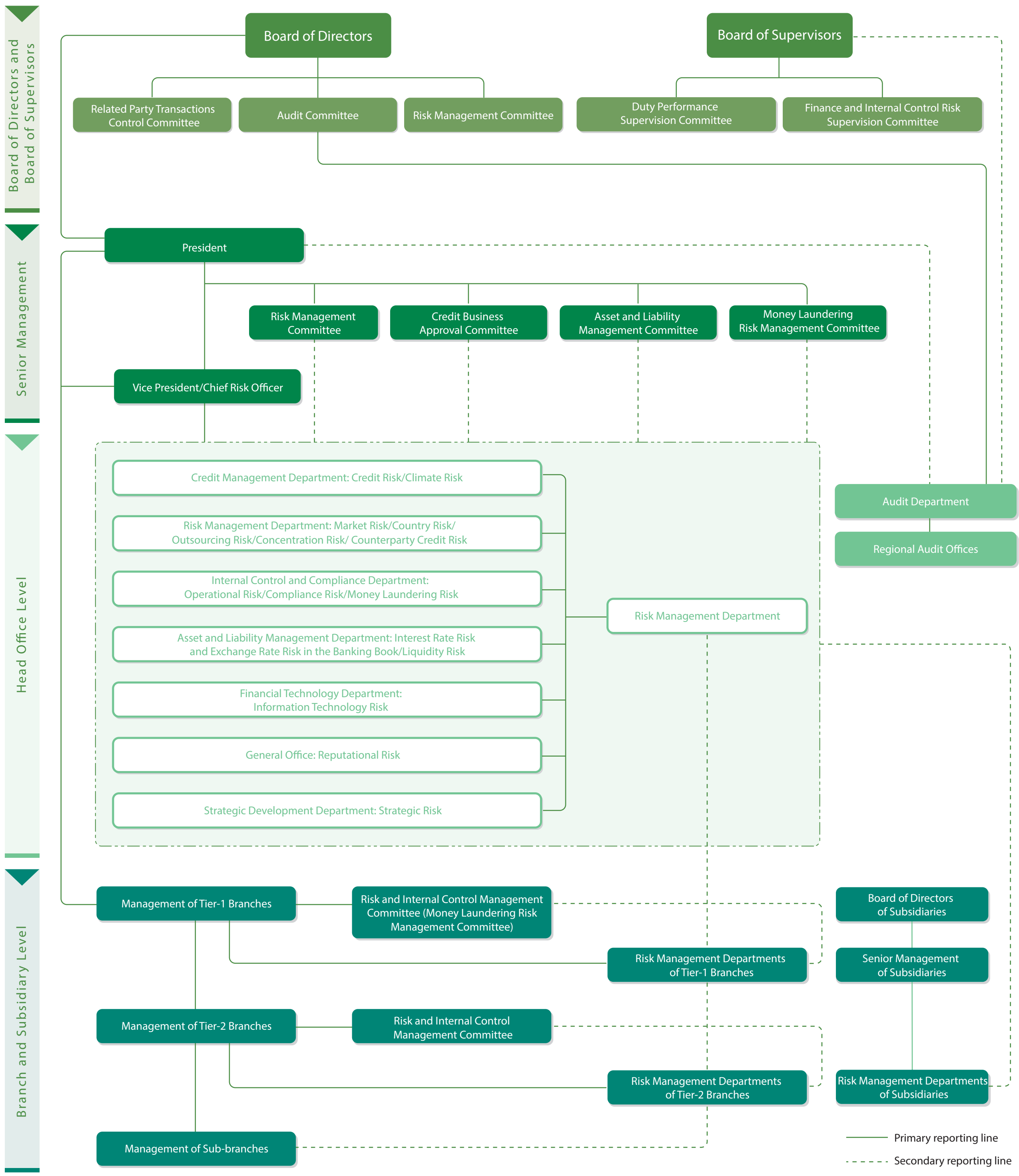
(5) Leverage ratio c refers to the leverage ratio calculated using the simple arithmetic average of the daily balances of securities financing transactions during the latest quarter, without taking into account the temporarily exempted deposit reserves.

2.2 Table OVA: Risk Management Qualitative Information

Risk Management Organizational Structure

We appropriately allocate risk management responsibilities across our head office, branches and sub-branches and strengthen the connection between the business departments and risk management departments to support our risk management practices.

The chart below illustrates the organizational structure of our risk management system as of the end of 2024:



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

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

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

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

The Bank kept improving the "three lines of defense" for internal control, classified major risks such as credit risk, market risk, and operational risk, etc., and incorporated all institutions and departments into the "three lines of defense". The first line of defense refers to the business management departments, tier-1 and tier-2 sub-branches, and agency business institutions associated with relevant risks, all of which bear the primary responsibilities for risk prevention and control. The second line of defense refers to risk management departments, internal control and compliance departments, and leading management departments for relevant risks, which are responsible for coordinating, supervising and reviewing the work related to risk and internal control. The third line of defense refers to the audit and the discipline inspection departments which supervise the first and second lines of defense.

Risk Management

The Bank remained committed to integrating risk prevention and control throughout its operations, closely focused on the requirements of high-quality development, centered around the "early action" and "strictness", and made every effort to ensure quality and promote compliance, effectively realizing the identification, measurement, monitoring, mitigation and control of various risks. The Bank continued to improve the operating mechanism of the comprehensive risk management report, regularly formed a comprehensive risk management report, and submitted it to the senior management and the Board of Directors for review.

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

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

The Bank actively cultivated a financial culture with Chinese characteristics. Adhering to the eternal theme of risk prevention and control in financial work, the Bank launched the "2024 Year of Sunshine Credit" campaign, and worked hard to create a "Sunshine Credit" culture of "openness, transparency, integrity, righteousness in profit-seeking, compliance with the law, incorruptibility and self-discipline, effective supervision, and strict accountability", and built a solid line of defence for employees to perform their duties in an honest and compliant manner. The Bank attached great importance to compliance culture education, carried out the theme work of compliance culture publicity and implementation year by year, rooted in the soil of compliance and rule-abiding, regularly carried out the selection of "Golden Shield Award" for outstanding institutions and individuals in internal control and risk management, compiled compliance case manuals, organized and carried out internal control and compliance knowledge competitions and other activities, and guided employees to be knowledgeable of and comply with the law, as well as to understand and adhere to regulations. The Bank established a system of accountability for violations and clarified the accountability procedures for violations of relevant risk management regulations.

Stress Testing

The Bank continued to improve its stress testing system, systematically carried out stress testing verification and auditing, and comprehensively carried out various stress tests to provide effective support for coping with tail risks of major businesses and asset portfolios under extreme scenarios. During the reporting period, the Bank actively responded to the severe and complex internal and external risk situation, carried out comprehensive stress testing, reverse stress testing, climate risk sensitivity stress testing, and special stress testing for the real estate industry, and made prudent evaluation and prediction of the asset quality, profitability, capital level and liquidity level under stress scenarios. Results showed that under various stress scenarios, the Bank's overall stress resistance was strong and all types of risks were within a controllable range.

Capital Management

The Bank actively implemented the relevant requirements of the Rules on Capital Management of Commercial Banks, comprehensively covering the Pillar 1 credit risk, market risk, operational risk and major risks under the Pillar 2, and adopted the standardized approach for credit risk measurement, the standardized approach for market risk measurement and the standardized approach for operational risk measurement.

The Bank strictly implemented the requirements of the new rules on capital management, formulated a three-year capital plan and an annual capital adequacy ratio management plan, taking into account the economic and financial situation, development strategy, risk appetite and other factors, set capital adequacy ratio management targets based on its own development needs, clarified long-term management measures, and continuously enhanced the level of precise capital management. The Bank played the strategic leading role in capital management to ensure that the Bank's capital adequacy level continued to meet regulatory requirements and was consistent with long-term sustainable development and shareholder return requirements. During the reporting period, the Bank continued to improve its capital management system, actively responded to various regulatory requirements, strengthened precise capital management, and consolidated the foundation of capital management in order to achieve a smooth transition to the new rules on capital management. Adopting internal supplementation as the main method, the Bank explored multiple channels and methods to replenish capital, completed the issuance of perpetual bonds worth RMB30.0 billion, further enhanced its capital strength, and maintained a stable capital adequacy ratio at a sound and reasonable level.

Subsequently, in accordance with the requirements of the new rules on capital management, the Bank will continuously improve the level of refined capital management, prepare capital plans on a rolling basis, and optimize the capital management system. Adopting risk-adjusted return on capital (RAROC) as the core yardstick for asset allocation, the bank will strictly control the inefficient capital occupation and reinforce the capital return assessment; on the basis of replenishing capital through retained earnings, the Bank will actively expand external capital replenishment channels; continuously promote innovation in capital instruments, enhance capital strength, optimize capital structure; coordinate capital replenishment and capital use, maintain a sound and reasonable level of capital adequacy, and support the high-quality development of the Bank.

Internal Capital Adequacy Assessment

The Bank has systematically advanced the implementation of the Pillar 2 framework, establishing the internal capital adequacy assessment process ("ICAAP") management system and working mechanism in line with the Bank's business scale and business complexity. The Bank's ICAAP framework includes risk identification, risk assessment, capital adequacy stress testing, and capital planning. Based on a comprehensive assessment of the major risks faced by the Bank, it measured the matching level of capital and risk, and established a management system that takes both risk and capital into consideration to ensure that the Bank's capital level can fully withstand the various risks it faces and meet external regulatory requirements and internal business operation and management needs.

In 2024, the Bank further improved the ICAAP management system, revised and issued a new version of the administrative measures for ICAAP, updated the ICAAP technical methods, optimized the ICAAP working mechanism, carried out annual internal capital adequacy assessment, completed the annual internal capital adequacy assessment report, submitted it to the Board of Directors for review and approval and reported to the National Financial Regulatory Administration. During the reporting period, the Bank adhered to the risk-based approach, orderly promoted the development and implementation of advanced approaches for capital management, improved its comprehensive risk management system, continuously improved various specialized risk management systems, with sufficient capital adequacy levels that could cover the major risks faced by the Bank, consistently met regulatory requirements, and continued to enhance the capital management and risk management capabilities.

2.3 Table OV1: Overview of Risk-Weighted Assets

In RMB million

		a	b	c
		Risk-weighted assets		Minimum capital requirements
		As at December 31, 2024	As at September 30, 2024	As at December 31, 2024
1	Credit risk	8,057,517	8,212,021	644,601
2	Credit risk (excluding counterparty credit risk, credit valuation adjustment risk, asset management products in banking book and securitisation exposures in banking book)	7,795,212	7,773,847	623,617
3	Of which: standardized approach (SA)	7,795,212	7,773,847	623,617
4	Of which: exposure formed in the process of clearing securities, commodities and foreign exchange transactions	–	–	–
5	Of which: amounts below the thresholds for deduction (subject to 250% risk weight)	165,413	167,480	13,233
6	Of which: foundation internal ratings-based (F-IRB) approach	–	–	–
7	Of which: supervisory slotting approach	–	–	–
8	Of which: advanced internal ratings-based (A-IRB) approach	–	–	–
9	Counterparty credit risk (CCR)	13,092	11,951	1,047
10	Of which: standardized approach	13,092	11,951	1,047
11	Of which: current exposure method	–	–	–
12	Of which: other approaches	–	–	–
13	Credit valuation adjustment (CVA)	1,072	1,081	86
14	Asset management products in banking book	222,978	399,497	17,838
15	Of which: look-through approach	52,326	54,559	4,186
16	Of which: mandate-based approach	157,849	331,093	12,628
17	Of which: 1250% risk weight	12,803	13,845	1,024
18	Securitisation exposures in banking book	25,163	25,645	2,013
19	Of which: securitisation IRB approach (SEC-IRBA)	–	–	–
20	Of which: securitisation external ratings-based approach (SEC-ERBA)	17,323	14,387	1,386
21	Of which: securitisation standardized approach (SEC-SA)	7,840	11,258	627
22	Market risk	88,938	92,495	7,115
23	Of which: standardized approach (SA)	88,938	92,495	7,115
24	Of which: internal model approach (IMA)	–	–	–
25	Of which: simplified standardized approach	–	–	–
26	Capital charge for switch between trading book and banking book	–	–	–
27	Operational risk	471,288	468,502	37,703
28	Additional adjustment due to the application of capital floor	–	–	
29	**Total**	8,617,743	8,773,018	689,419

3 Composition of Capital and Total Loss-absorbing Capacity (“TLAC”)

3.1 Table CCA: Main Features of Regulatory Capital Instruments and of Other TLAC-eligible Instruments

Please refer to the Bank’s website (https://www.psbc.com/cn/gyyc/tzzgx/jgzb/) for the table of main features of the Group’s regulatory capital instruments as of the end of December 2024.

3.2 Table CC1: Composition of Capital

In RMB million, except for percentages

		a As at December 31, 2024 Amounts	b Code
Common Equity Tier 1 capital			
1	Valid portion of paid-in capital and capital reserve	261,842	e+g
2	Retained earnings	558,770	
2a	Surplus reserve	75,540	h
2b	General reserve	219,887	i
2c	Undistributed profits	263,343	j
3	Accumulated other comprehensive income	9,071	
4	Valid portion of minority interests	1,171	
5.	Common Equity Tier 1 capital before deductions	830,854	
Common Equity Tier 1 Capital: deductions			
6	Prudent valuation adjustments	–	
7	Goodwill (net of deferred tax liabilities)	–	
8	Other intangible assets (other than land use rights) (net of deferred tax liabilities)	6,663	a-b-d
9	Net deferred tax assets that rely on future profitability and arise from operating losses	–	
10	Cash flow hedge reserve that relates to the hedging of items that are not fair valued on the balance sheet	–	
11	Shortfall of provisions to expected losses	–	
12	Securitisation gain on sale	–	
13	Unrealized gains and losses resulted from changes in the fair value of liabilities due to changes in the bank’s own credit risk	–	
14	Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	
15	Direct or indirect investments in own shares	–	
16	Reciprocal cross-holdings in common equity tier 1 capital between banks or between banks and other financial institutions	–	
17	Deductible amount of non-significant minority investments in common equity tier 1 capital of unconsolidated financial institutions	–	
18	Deductible amount of significant minority investments in common equity tier 1 capital of unconsolidated financial institutions	–	
19	Deductible amount of other net deferred tax assets that rely on the bank’s future profitability	–	
20	Deductible amount of non-deducted part of common equity tier 1 capital of significant minority investments in unconsolidated financial institutions and other net deferred tax assets that reply on the bank’s future profitability in excess of 15% of common equity tier 1 capital	–	
21	Of which: deductible amount of significant minority investments in the capital of financial institutions	–	

		a As at December 31, 2024 Amounts	b Code
22	Of which: deductible amount in net deferred tax assets that rely on the bank's future profitability	–	
23	The total of other items that should be deducted from common equity tier 1 capital	–	
24	Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital	–	
25	Total regulatory adjustments to common equity tier 1 capital	6,663	
26	Net Common Equity Tier 1 capital	824,191	
Additional tier 1 capital			
27	Additional tier 1 capital instruments and related premium	199,986	
28	Of which: portion classified as equity	199,986	
29	Of which: portion classified as liabilities	–	
30	Valid portion of minority interests	155	
31	Additional tier 1 capital before deductions	200,141	
Additional tier 1 capital: deductions			
32	Direct or indirect investments in own additional tier 1 capital	–	
33	Reciprocal cross-holdings in additional tier 1 capital between banks or between banks and other financial institutions	–	
34	Deductible amount of non-significant minority investments in additional tier 1 capital of unconsolidated financial institutions	–	
35	Deductible amount of significant minority investments in additional tier 1 capital of unconsolidated financial institutions	–	
36	The total of other items that should be deducted from additional tier 1 capital	–	
37	Undeducted shortfall that should be deducted from tier 2 capital	–	
38	Total deductions to additional tier 1 capital	–	
39	Net additional tier 1 capital	200,141	
40	Net tier 1 capital	1,024,332	
Tier 2 capital			
41	Tier 2 capital instruments and related premium	119,991	
42	Valid portion of minority interests	312	
43	Valid portion of surplus provisions for loss	99,476	
44	Tier 2 capital before deductions	219,779	
Tier 2 capital: deductions			
45	Direct or indirect investments in own tier 2 capital	–	
46	Reciprocal cross-holdings in tier 2 capital and TLAC non-capital debt instruments between banks or between banks and other financial institutions	–	
47	Deductible amount of non-significant minority investments in tier 2 capital of unconsolidated financial institutions	–	
47a	Deductible amount of non-significant investments in TLAC non-capital debt instruments of unconsolidated financial institutions (for G-SIBs only)	–	
48	Deductible amount of significant minority investments in tier 2 capital of unconsolidated financial institutions	–	
48a	Deductible amount of significant investments in TLAC non-capital debt instruments of unconsolidated financial institutions (for G-SIBs only)	–	

		a As at December 31, 2024 Amounts	b Code
49	The total of other items that should be deducted from tier 2 capital	–	
50	Total deductions to tier 2 capital	–	
51	Net tier 2 capital	219,779	
52	Net capital	1,244,111	
53	Risk-weighted assets	8,617,743	
Capital adequacy ratio and additional capital requirements			
54	Common equity tier 1 capital adequacy ratio	9.56%	
55	Tier 1 capital adequacy ratio	11.89%	
56	Capital adequacy ratio	14.44%	
57	Additional capital requirements (%)	3.00	
58	Of which: capital conservation buffer requirement	2.50	
59	Of which: countercyclical buffer requirement	–	
60	Of which: bank G-SIB and/or D-SIB additional requirements	0.50	
61	Net CET 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements (%)	4.56	
Domestic minimum requirements for regulatory capital			
62	Common equity tier 1 capital adequacy ratio	5.00%	
63	Tier 1 capital adequacy ratio	6.00%	
64	Capital adequacy ratio	8.00%	
Amounts below the thresholds for deduction			
65	Undeducted portion of non-significant minority investments of unconsolidated financial institutions	60,675	
65a	Undeducted portion of non-significant investments in TLAC non-capital debt instruments of unconsolidated financial institutions (for G-SIBs only)	–	
66	Undeducted portion of significant minority investments of unconsolidated financial institutions	–	
67	Other net deferred tax assets that rely on the bank's future profitability (net of deferred tax liabilities)	61,185	
Applicable caps on the inclusion of surplus provisions in tier 2 capital			
68	Surplus provisions for loss eligible for inclusion in tier 2 capital in respect of exposures subject to standardized approach	165,296	
69	Cap on inclusion of surplus provisions for loss in tier 2 capital under standardized approach	99,476	
70	Surplus provisions for loss eligible for inclusion in tier 2 capital in respect of exposures subject to internal ratings-based approach	–	
71	Cap on inclusion of surplus provisions for loss in tier 2 capital under internal ratings-based approach	–	

3.3 Table CC2: Differences Between the Scope of Accounting Consolidation and the Scope of Regulatory Consolidation

In RMB million

		a	b	c
		As at December 31, 2024		
		Under the scope of accounting consolidation	Under the scope of regulatory consolidation	Code
Assets				
1	Cash and deposits with central bank	1,314,703	1,314,703	
2	Deposits with banks and other financial institutions	262,476	262,476	
3	Placements with banks and other financial institutions	348,017	348,017	
4	Derivative financial assets	6,661	6,661	
5	Financial assets held under resale agreements	229,842	229,842	
6	Loans and advances to customers	8,684,144	8,684,144	
7	Financial investments			
8	Financial assets held for trading	1,024,165	1,024,165	
9	Debt investments	4,306,513	4,306,513	
10	Other debt investments	668,812	668,812	
11	Investments in other equity instruments	4,637	4,637	
12	Long-term equity investment	733	733	
13	Fixed assets	46,087	46,087	
14	Construction in progress	14,163	14,163	
15	Right-of-use assets	9,972	9,972	
16	Intangible assets	8,383	8,383	a
17	Of which: land use rights	1,720	1,720	b
18	Deferred tax assets	61,185	61,185	
19	Other assets	94,417	94,417	
20	Total assets	17,084,910	17,084,910	

		a	b	c
		As at December 31, 2024		
		Under the scope of accounting consolidation	Under the scope of regulatory consolidation	Code
Liabilities				
21	Borrowings from central bank	26,138	26,138	
22	Deposits from banks and other financial institutions	135,599	135,599	
23	Placements from banks and other financial institutions	47,299	47,299	
24	Derivative financial liabilities	7,199	7,199	
25	Financial assets sold under repurchase agreements	194,524	194,524	
26	Customer deposits	15,287,541	15,287,541	
27	Employee benefits payable	24,105	24,105	
28	Tax payable	3,714	3,714	
29	Bonds payable	241,980	241,980	
30	Lease liabilities	9,222	9,222	
31	Deferred tax liabilities	57	57	
32	Of which: deferred tax liabilities related to goodwill	–	–	c
33	Of which: deferred tax liabilities related to intangible assets	–	–	d
34	Other liabilities	75,883	75,883	
35	Total liabilities	16,053,261	16,053,261	
Shareholders' equity				
36	Paid-in capital (or share capital)	99,161	99,161	
37	Of which: amount included in common equity tier 1 capital	99,161	99,161	e
38	Of which: amount included in other tier 1 capital	–	–	f
39	Other equity instruments			
40	Perpetual bonds	199,986	199,986	
41	Capital reserve	162,681	162,681	g
42	Other comprehensive income	9,071	9,071	
43	Surplus reserve	75,540	75,540	h
44	General risk reserve	219,887	219,887	i
45	Undistributed profits	263,343	263,343	j
46	Total shareholders' equity attributable to the Bank	1,029,669	1,029,669	
47	Minority interests	1,980	1,980	
48	Total shareholders' equity	1,031,649	1,031,649	
49	Total liabilities and shareholders' equity	17,084,910	17,084,910	

Notes: (1) Pursuant to the regulatory requirements, insurance companies and industrial and commercial enterprises should not be included under the scope of regulatory consolidation. As the Group does not have any subsidiaries of the above-mentioned type, the scope of regulatory consolidation is the same as the scope of accounting consolidation.

(2) Prepared in accordance with PRC GAAP.

4 Linkage Between Financial Statements and Regulatory Risk Exposures

4.1 Table LIA: Reasons for Differences between Financial Data and Regulatory Data

There is no discrepancy between the scope of the Group's consolidated financial statements prepared for regulatory purposes (regulatory scope of consolidation) and that of the Group's consolidated financial statements prepared for reporting purposes (accounting scope of consolidation).

The amounts of the off-balance-sheet items are the main reason for the discrepancies between the carrying amounts of the line items of the Group's financial statements and the carrying values of the Group's regulatory risk exposures. These amounts are included in the calculation of the risk exposures applicable to regulatory capital measurement while being excluded from the carrying amounts of the line items of the financial statements under the regulatory scope of consolidation.

The Group uses valuation techniques to estimate the fair value of financial instruments that are not quoted in an active market. Valuation techniques include the use of recent prices of arm's length transactions, observable prices of similar financial instruments, risk-adjusted discounted cash flows analysis, as well as pricing models that are commonly used in the market. To the extent practical, models for the valuation of derivatives and other financial instruments use observable market data, such as interest yield curves and foreign exchange rates. However, areas such as credit risk (both its own and counterparty's), volatilities, and correlations require the Group to make estimates. Fair values calculated using valuation techniques are verified based on the industry practice and currently observable prices of the same or similar financial instruments in the market.

The Group, through regular review and approval procedures, reviews the assumptions and market expectations adopted by the valuation techniques, including the examination of assumptions and pricing factors of models, changes in assumptions of models, properties of market parameters, market activity, fair value adjustment factors not covered by models, and the consistency of valuation techniques between periods. Valuation techniques are regularly reviewed through validity tests and updated to reflect market conditions as of the balance sheet date where appropriate.

5 Remuneration

5.1 Table REMA: Remuneration Policy

Nomination and Remuneration Committee of the Board of Directors

As of the end of 2024, the Nomination and Remuneration Committee of the Bank's Board of Directors comprised four Directors, namely Executive Director Mr. Liu Jianjun and Independent Non-executive Directors Mr. Wen Tiejun, Ms. Pan Yingli, and Mr. Tang Zhihong. Mr. Wen Tiejun is the Chairman of the Committee.

The Committee primarily performs such duties as conducting an annual review of the structure, size, and composition of the Board of Directors, and making recommendations to the Board regarding its size and composition; formulating the criteria and procedures for the selection and appointment of Directors, chairmen and members of special committees of the Board of Directors and senior management members, performing preliminary reviews of the qualifications and qualities of candidates for Directors and senior management members, and making recommendations to the Board of Directors; developing measures for evaluating the performance of Directors and assessing the performance of senior management members, as well as remuneration measures or schemes for Directors and senior management members, and submitting them to the Board of Directors for consideration. For details, please refer to the Articles of Association and Rules of Procedure for the Nomination and Remuneration Committee of the Board of Directors on the Bank's website.

In 2024, the Nomination and Remuneration Committee convened six meetings, at which it reviewed and approved 16 proposals. It reviewed and approved the proposals on the structure, size, and composition of the Board of Directors and the implementation of the Board diversity policy, and carefully evaluated the structure, size, and composition of the Board of Directors. Meanwhile, it carefully considered diverse factors such as the gender, age, educational background, and professional experience of Board members during the evaluation, and ensured that the Board's composition met regulatory requirements and that the Board diversity policy was effectively implemented. The Committee conducted an annual evaluation of Directors' performance, conducted a comprehensive evaluation of the Directors from multiple dimensions, and provided suggestions to the Board based on the 2023 performance evaluation results for each Director. It also reviewed and approved the qualifications of several Directors and reviewed and approved several proposals including the one to make adjustments to the composition of the special committees under the Board, effectively enhanced the standardization and effectiveness of the nomination procedures, and continuously optimized the composition of the special committees of the Board of Directors. Regarding remuneration and performance assessment, the Committee reviewed and approved the results of the 2023 strategic performance evaluation, and updated the 2024 strategic performance evaluation plan, the director and senior management remuneration settlement plan, and measures for deferred payment and recoupment of performance-based remuneration. It deepened the study of national policies and related regulatory requirements, further improved the remuneration incentive and constraint mechanisms, and provided professional advice to assist the Board of Directors in fulfilling its remuneration management responsibilities and continuously optimizing the Bank's remuneration incentive system.

For the criteria for identification and position categories of senior management, please refer to the section "Directors, Supervisors and Senior Management" of the 2024 Annual Report of Postal Savings Bank of China Co., Ltd. The Bank determines the scope of other key positions and personnel by considering factors such as its own institutional type and characteristics, market size, and risk management capability.

Remuneration Policy

(I) Remuneration management structure

The Bank has established a scientific and rational remuneration distribution system in thorough compliance with China's laws and regulations, regulatory policies, and the requirements of the Bank's corporate governance. The Bank strictly follows the relevant decision-making procedures regarding remuneration management policies and systems in accordance with the Articles of Association and the requirements related to the "Three Majors and One Substantial (三重一大)" system (decisions on major matters, appointment/removal of key cadres, major investment projects, and use of substantial funds). Among them, matters related to the formulation of the basic remuneration systems, remuneration schemes for senior management personnel, etc., shall be decided by the Board of Directors. Matters related to remuneration schemes for Directors and Supervisors shall be decided by the Shareholders' General Meeting. The Bank goes through rigorous processes to amend and adjust policies and systems in this regard.

(II) Alignment of remuneration and performance

The Bank ensures that total payroll allocation balances efficiency and equity, with a focus on operational effectiveness and value creation. This allocation is tied to the achievement of an institution's operational performance targets and the results of its performance assessments. Employee remuneration is closely linked to their position, competencies, and performance, with a deliberate focus on prioritizing frontline roles and positions that drive exceptional contributions. Employee remuneration consists primarily of a base salary and performance-based pay, both paid in cash. The base salary is determined by factors such as position, rank, and job responsibilities, reflecting the value of the role and the individual's capabilities. The performance-related pay is linked to the performance assessment results of the employee and the institution, department, and team at or in which he or she works, emphasizing work achievements and performance.

(III) Remuneration and risks

The Bank has built a deferred payment and clawback system for the performance-related pay of senior management and those having an important influence on risks, which helps employees effectively keep a balance between efficient development and risk control as well as between current development and long-term development. The payment of a proportion of the performance-related pay of an employee holding a certain position will be deferred. The term when the performance-related pay shall be paid is the same as the duration when the risks of an operation continue. During the stipulated term, if there is exposure to an abnormal risk loss due to the employee's dereliction of duty, the Bank is entitled to recover all the paid part of the performance-related pay during the corresponding period and terminate the payment of the unpaid part.

(IV) Independence of remuneration for employees of the risk and compliance departments

Employees of the risk and compliance departments of the Bank are included in the Bank's remuneration management system, and their remuneration is determined on the basis of their performance and other factors, without direct relation to their supervisory business; the remuneration level is appropriately guaranteed. Meanwhile, to reflect the independence of the internal control department, branches and departments do not conduct service evaluations for the internal control department, and the assessment results primarily reflect the completion of key tasks and work performance.

For information on the annual remuneration of the Bank's Directors, Supervisors and senior management, please refer to the 2024 Annual Report of Postal Savings Bank of China Co., Ltd.

6 Credit Risk

6.1 Table CRA: Qualitative Information on Credit Risk

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

The Bank continued to optimize its credit policy, improve the industry research mechanism, and lead the high-quality development of its credit business. The Bank made innovations in credit management modes to improve the efficiency of credit extension, and fully promoted the paperless and asset-light services for corporate credit business covering all institutions, entire product lines and whole processes. It continued to improve the function of "Jinjing" (Gold Eye) system, expanded intelligent monitoring capabilities, enriched intelligent control rules, and built a multi-dimensional intelligent monitoring system covering industries, regions, institutions, customers and processes to support the panoramic analysis of credit business risks for group customers and corporate customers.

The Bank's organizational system of credit risk management is composed of the Board of Directors, the Board of Supervisors, the senior management and relevant departments of the "three lines of defense" of credit risk management, forming a credit risk governance framework with centralized and unified management and hierarchical authorization implementation.

The Bank regularly formulated credit risk management strategy and credit risk appetite in accordance with the Bank's risk management strategy and preference management requirements, and monitored and reported on their implementation. The credit risk management strategy includes but is not limited to the basic principles, requirements, objectives and strategic orientation of credit risk management, and the credit risk appetite includes a set of core credit risk indicators and their limits.

The formulation of credit risk appetite fully considers regulatory requirements, target ratings, business plans, maximum tolerable losses, asset quality management objectives, credit risk internal rating results and risk parameter estimates, sensitivity to the economic environment, and the expectations of internal and external stakeholders. For quantitative indicators that can be calculated based on internal rating-based risk parameters, internal rating parameters shall be used first.

When the actual performance of the credit risk appetite indicator approached the control target, the Bank promptly issued an early warning, formulated and implemented solutions to ensure that the credit risk level was within an acceptable range.

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

Credit risk reporting is conducted through a two-way method: the business departments report to both the credit risk management department at the same level and the line departments at the supervising branch, and the credit risk management department reports to both the Risk Management Committee at the same level and the credit risk management department at the supervising branch. The reporting may take the form of joint meetings, written reports, etc., depending on the situation. Reports on material credit risks are submitted to the senior management, Board of Supervisors and Board of Directors. Relevant credit risk reports shall be promptly submitted to the regulatory authorities according to the regulatory requirements.

The main contents of the credit risk report include:

(I) The overall situation of credit risks, credit risks in each dimension, and changes compared with the previous period, major risk factors faced, causes and extent of the impact of the risks, and trends of risk changes during the reporting period.

(II) Asset quality and changes during the reporting period.

(III) Information related to large exposures during the reporting period.

(IV) Implementation of credit risk management strategies, risk appetite and risk limits during the reporting period.

(V) Concentration risk monitoring during the reporting period.

(VI) Migration between different levels and asset pools, valuation of relevant risk parameters for each level and asset pool and the comparison with actual values during the reporting period.

(VII) Validation results of the internal rating system during the reporting period.

(VIII) Changes in regulatory capital and the reasons for such changes during the reporting period.

(IX) Pressure test conditions and results during the reporting period.

(X) Disposal of non-performing assets during the reporting period.

6.2 Table CR5-2: Credit Risk Exposures and Credit Conversion Factors (by Risk Weights)

In RMB million, except for percentages

		a	b	c	d
		As at December 31, 2024			
	Risk weight	On-balance sheet exposure	Off-balance sheet exposure (pre-conversion)	Weighted average credit conversion factor*	Exposure (post-conversion and post-mitigation)
1	Less than 40%	8,019,396	136,956	21.94%	8,457,439
2	40-70%	1,463,664	216,400	19.28%	1,916,286
3	75%	2,537,092	832,080	16.92%	2,627,839
4	85%	446,894	177,443	5.81%	444,237
5	90-100%	2,889,524	1,177,066	41.48%	2,617,080
6	105-130%	433,016	281,419	2.92%	440,778
7	150%	86,183	41,249	6.95%	87,615
8	250%	67,669	–	–	67,669
9	400%	37	–	–	37
10	1250%	58	–	–	58
11	**Total exposures**	15,943,533	2,862,613	25.23%	16,659,038

* Weighting is based on off-balance sheet exposure (pre-conversion).

7 Counterparty Credit Risk

7.1 Table CCRA: Qualitative Information on Counterparty Credit Risk

Counterparty credit risk refers to the risk caused by counterparty default before the settlement of cash flows related to derivatives and securities financing transactions is completed, including counterparty credit risk formed by derivatives and securities financing transactions with counterparties. During the reporting period, the Bank continued to monitor and report counterparty credit risk, regularly revalued derivatives and monitored customer collateral to keep abreast of changes in collateral; the Bank continued to upgrade the counterparty credit risk measurement function within the system, and supported capital measurement for more business types in centralized clearing scenarios.

Before entering into derivative transactions with the Bank, the counterparty shall meet the relevant provisions of the Bank's customer access standards. The Bank conducts a comprehensive evaluation of the counterparty's credit status, risk management level, capital strength, etc., and determines the special credit limit for derivative transactions and conducts regular reviews. When conducting specific transactions, the Bank shall check in advance whether the counterparty's credit limit is sufficient.

The Bank measured counterparty credit risk-weighted assets in accordance with the requirements of the Rules on Capital Management of Commercial Banks, adopted the standardized approach to measure exposure at default and central counterparty transaction exposure, adopted the standardized approach to measure counterparty risk-weighted assets formed by securities financing transactions, adopted the weighted approach to measure counterparty default risk-weighted assets of non-centrally cleared derivative instruments, and adopted the rules for qualified central counterparties to measure central counterparty risk-weighted assets.

For over-the-counter derivative financial transactions, the Bank signs the Credit Support Annex (CSA) under the ISDA Master Agreement as required. When the counterparty's credit rating is downgraded, whether the downgraded party needs to provide additional collateral to the counterparty depends on the terms of the agreement. If there is no relevant statement in the agreement, the downgrade of the counterparty's credit rating shall not affect the collateral swap between the two parties; if the agreement contains relevant statements, the amount of collateral shall be adjusted according to the regulations. For trading institutions that have not yet signed the CSA agreement, the agreement signing strategy shall be adjusted in a timely manner according to changes in domestic and foreign compliance regulatory requirements.

7.2 Table CCR1: Counterparty Credit Risk Exposures (by Approach)

In RMB million, except for coefficients

		a	b	c	d	e	f
		As at December 31, 2024					
		Replacement cost (RC)	Potential future exposure (PFE)	Additional factors of potential future exposure (Add-on)	α used for computing regulatory exposure at default	Exposure at default post-credit risk mitigation	Risk-weighted assets
1	Standardized approach (for derivatives)	3,561	5,839		1.4	13,160	5,553
2	Current exposure method (for derivatives)	–		–	1	–	–
3	Securities financing transactions					112,851	7,529
4	**Total**					126,011	13,082

8 Asset Securitisation

8.1 Table SECA: Qualitative Information on Asset Securitisation

Asset securitisation refers to a business where the originator packages and transfers its assets that are expected to generate future cash flows to a special purpose vehicle (SPV). The SPV then issues securities with different payment priorities and credit ratings, which are backed by the future cash flows of these assets. In line with the Bank's overall credit structure adjustment plan, the Bank conducts asset securitisation business with the following goals: optimizing the asset portfolio, improving the asset-liability structure, and expanding the disposal channels for non-performing assets. The Bank participates in asset securitisation business mainly in the following ways: as the originator and loan servicer, as an investor, and as an underwriter of asset securitisation business.

As an underwriter, the Bank strictly abides by laws and regulations and professional standards and ethics. In accordance with relevant regulations and agreements, we fulfill our obligations and conscientiously carry out the work of soliciting, structuring, issuing, and selling asset-backed securities. As of the end of 2024, in our capacity as an underwriter for asset securitisation business, the Bank has neither consolidated any special purpose entities nor provided liquidity support, credit enhancement, or implicit support to any projects or entities.

As the originator, following the regulatory authorities' requirements on risk retention, the Bank holds a certain amount of self-issued asset-backed securities in the banking book and takes on the corresponding credit and liquidity risks for the retained portion. As an investor in the asset-backed securities market, the Bank directly or indirectly purchases asset-backed securities and holds them in the banking book and trading book to earn investment returns. At the same time, it bears the corresponding credit, market, and liquidity risks.

Regarding accounting treatment, the Bank analyzes and decides whether to derecognize relevant credit assets according to the extent of risk and reward transfer. For the accounting policies on asset securitisation, please refer to the relevant content about credit asset securitisation in the transfer of financial assets in the notes to the financial statements of the 2024 Annual Report of Postal Savings Bank of China Co., Ltd.

As of the end of 2024, for the ongoing asset securitisation projects issued by the Bank, the external rating agencies include China Bond Rating Co., Ltd. and Fitch Bohua.

8.2 Table SEC1: Securitisation Exposures in the Banking Book

In RMB million

		a	b	c	d	e	f	g	h	i	j	k	l
		Bank acts as originator				Bank acts as sponsor				Bank acts as investor			
		Traditional	Of which simple, transparent and comparable (STC)	Synthetic	Sub-total	Traditional	Of which STC	Synthetic	Sub-total	Traditional	Of which STC	Synthetic	Sub-total
1	**Retail (total) - of which**	4,754	–	–	4,754	–	–	–	–	64,011	–	–	64,011
2	residential mortgage	4,652	–	–	4,652	–	–	–	–	13,127	–	–	13,127
3	credit card	22	–	–	22	–	–	–	–	–	–	–	–
4	other retail exposures	80	–	–	80	–	–	–	–	50,884	–	–	50,884
5	re-securitisation	–		–	–	–		–	–	–		–	–
6	**Wholesale (total) - of which**	–	–	–	–	–	–	–	–	35,525	–	–	35,525
7	loans to corporates	–	–	–	–	–	–	–	–	9,989	–	–	9,989
8	commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–
9	lease and receivables	–	–	–	–	–	–	–	–	24,748	–	–	24,748
10	other wholesale	–	–	–	–	–	–	–	–	788	–	–	788
11	re-securitisation	–		–	–	–		–	–	–		–	–

8.3 Table SEC2: Securitisation Exposures in the Trading Book

In RMB million

		a	b	c	d	e	f	g	h	i	j	k	l
		Bank acts as originator				Bank acts as sponsor				Bank acts as investor			
		Traditional	Of which simple, transparent and comparable (STC)	Synthetic	Sub-total	Traditional	Of which simple, transparent and comparable (STC)	Synthetic	Sub-total	Traditional	Of which simple, transparent and comparable (STC)	Synthetic	Sub-total
1	**Retail (total) - of which**	–	–	–	–	–	–	–	–	–	–	–	–
2	residential mortgage	–	–	–	–	–	–	–	–	–	–	–	–
3	credit card	–	–	–	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	–	–	–	–	–	–
5	re-securitisation	–		–	–	–		–	–	–		–	–
6	**Wholesale (total) - of which**	–	–	–	–	–	–	–	–	144	–	–	144
7	loans to corporates	–	–	–	–	–	–	–	–	–	–	–	–
8	commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–
9	lease and receivables	–	–	–	–	–	–	–	–	144	–	–	144
10	other wholesale	–	–	–	–	–	–	–	–	–	–	–	–
11	re-securitisation	–		–	–	–		–	–	–		–	–

9 Market Risk

9.1 Table MRA: Qualitative Information on Market Risk

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

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

The Bank classifies on- and off-balance sheet assets and liabilities into trading book and banking book. The trading book includes financial instruments, foreign exchange and commodity positions held by the Bank for the purposes of trading or hedging the risks of other items in the trading book as well as other instruments identified by the National Financial Regulatory Administration. Except for instruments in the trading book, all other instruments are included in the banking book. The Bank developed a policy for the classification of the trading book and the banking book, and strictly adhered to the general presumption principle set by regulators in the classification process. During the Reporting Period, the Bank was not involved in internal risk transfer.

The Bank developed sound market risk management policies and procedures, carried out thorough market risk identification, measurement, monitoring, assessment, control and reporting. The Bank measures the market risk of the trading book by adopting multiple methods including exposure analysis, profit or loss analysis, sensitivity analysis, scenario analysis, value at risk (VaR), and stress testing. A multi-level market risk reporting mechanism has been put in place to control market risks within a reasonable and manageable range and maximize risk-adjusted returns. During the reporting period, the Bank actively responded to changes in the market environment, and strengthened the monitoring and early warning of key market risk factors. It optimized the market risk emergency plan and improved the response mechanism for major risk events. It enhanced the tiered market risk limit system and strengthened the transmission of risk appetite. It fully implemented the new rules on market risk capital measurement and optimized the allocation of market risk capital. It continuously improved the monitoring of the trading process, enhanced the middle-office risk penetration capability, and enhanced the effectiveness of supervision.

9.2 Table MR1: Market Risk Under Standardized Approach

In RMB million

		a Capital requirement under standardized approach As at December 31, 2024
1	General interest rate risk	771
2	Equity risk	–
3	Commodity risk	0
4	Foreign exchange risk	3,026
5	Credit spread risk – non-securitisations	1,901
6	Credit spread risk – securitisations (non-correlation trading portfolio)	3
7	Credit spread risk – securitisation (correlation trading portfolio)	–
8	Default risk – non-securitisations	1,092
9	Default risk – securitisations (non-correlation trading portfolio)	2
10	Default risk – securitisations (correlation trading portfolio)	–
11	Residual risk add-on	320
12	**Total**	7,115

10 Operational Risk

10.1 Table ORA: Qualitative Information on Operational Risk

Basic System and Management Requirements for Operational Risk Management

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, employees, and IT systems or from external events, including legal risk but excluding strategic risk and reputational risk.

In accordance with the Measures for the Administration of Operational Risk of Banking and Insurance Institutions and the Rules on Capital Management of Commercial Banks and other regulatory requirements, the Bank developed and issued the Operational Risk Management Measures of the Postal Savings Bank of China (2024 Revision) and other relevant systems, to clarify the organizational structure, division of responsibilities, risk appetite, and relevant management processes for operational risk management. Focusing on the overall goal for robust business operations, the Bank strove to prevent operational risks and continuously enhanced its capacity to respond to internal and external shocks. It has established a coordinated operational risk management mechanism with the first line of defense focused on "comprehensive prevention", the second line of defense focusing on "active management", and the third line of defense that emphasizes "objective evaluation". Meanwhile, the Bank improved its "matrix-style" operational risk management model and specified the processes for submitting operational risk incidents and reports.

The Bank continued to improve the operational risk management mechanism, requiring the Head Office and branches at all levels to regularly apply operational risk management tools in a systematic manner, and to conduct periodic reviews and evaluations of the applications, with an effort to enhance the quality and effectiveness of the application of operational risk management tools.

Organizational Structure for Operational Risk Management

The Bank has established an organizational structure for operational risk management in line with its business nature, scale, and complexity, created a governance system that integrates the "Board of Directors, Board of Supervisors and senior management" for operational risk, and clearly defined the responsibilities of the "three lines of defense" in operational risk management.

The Board of Directors regards operational risk as one of the main risks facing the Bank and assumes ultimate responsibility for operational risk management. The Board of Supervisors (or supervisors) is responsible for overseeing operational risk management, monitoring the duty performance of the Board of Directors and senior management, urging timely rectification of any issues, and including it in its work reports. The senior management is responsible for the implementation of operational risk management.

The Bank has established the "three lines of defense" for operational risk management, with ongoing efforts to enhance the sharing of risk data and information between the lines and within each line. The first line of defense includes business and management departments at all levels, which are the primary bearers and managers of operational risk, responsible for managing operational risk within their respective areas. The second line of defense includes internal control and compliance departments at all levels, which lead the operational risk management efforts, guiding and supervising the operational risk management work of the first line of defense. The third line of defense consists of internal audit departments at all levels, which supervise and evaluate the duty performance status and effectiveness of the first and second lines of defense. As the first line of defense, postal agency business institutions bear the primary responsibility for the prevention and control of operational risks in agency business institutions.

Organizational Structure for Internal Control

In strict compliance with the Internal Control Guidelines for Commercial Banks and the Guidelines on Compliance Risk Management of Commercial Banks, the Bank has established an organizational structure for internal control and compliance management, comprising the Board of Directors, the Board of Supervisors, senior management, internal control management functional departments, internal audit departments, and business departments, with clear divisions of labor, defined responsibilities, and transparent reporting relationships. It has established robust "three lines of defense" for internal control, clarifying that the business management departments, tier-1 and tier-2 sub-branches, and agency business institutions associated with relevant risks are the first line of defense and bear the primary responsibilities for risk prevention and control. Risk management departments, internal control and compliance departments, and leading management departments for relevant risks are the second line of defense, responsible for coordinating, supervising and reviewing the work related to risk and internal control. The audit and the discipline inspection departments are the third line of defense, responsible for supervising the first and second lines of defense.

Operational Risk Measurement System

The Bank has established a sound operational risk management system, which includes functions such as operational risk and control self-assessment, key risk indicators, loss data collection, capital measurement, reports and statements, etc. Specifically, the information collected on loss data meets regulatory requirements, and the capital measurement module supports operational risk capital measurement under the basic indicator approach and the standardized approach.

Operational Risk Report

The Bank continually enhances the reporting mechanism for operational risk management, and implements a "matrix" reporting procedure for operational risk management. The operational risk management report provides timely, comprehensive, objective, and accurate reflections of the Bank's operational risk management status, and the operational risk management situation is incorporated into the comprehensive risk management report, which is submitted uniformly to the Board of Directors, the Board of Supervisors and senior management for review. The Bank's operational risk management report covers aspects such as operational risk identification, assessment, monitoring, control or mitigation.

Operational Risk Mitigation and Risk Transfer Measures

The Bank implements control and mitigation measures based on risk identification and assessment results, focusing on keeping operational risk within its risk appetite. Targeted control measures are applied to the risks associated with business, products, processes, and related management activities according to the risk levels, with continuous monitoring of their implementation to establish a robust internal control environment. The Bank mitigates operational risk through measures such as purchasing insurance and outsourcing, transferring, diversifying, reducing, or avoiding operational risk to lower the exposure of operational risk to an acceptable level, ensuring that mitigation measures are substantively effective.

The Bank strengthened risk management strategy and risk appetite management. The Bank developed and issued an annual risk management strategy and risk appetite plan, with the plan encompassing strategic directions for operational risk management. The Bank set operational risk appetite indicators and control targets, defined scenarios that deviate from operational risk appetite targets and their handling methods, and monitored the report implementation status on a quarterly basis.

The Bank enhanced outsourcing risk management. The Bank conducted annual assessments of outsourcing risks, paid attention to risks associated with specialized areas, selected certain outsourcing activities for special outsourcing risk assessments; standardized the entry process for outsourcing activities and conducted entry risk assessments for new outsourcing activities.

The Bank continuously promoted cultural construction for operational risk. In 2024, the Bank organized an online quiz activity titled "Integrity in My Heart, Compliance in My Actions" at the Head Office on Party conduct and government integrity as well as risk control and compliance to drive employees to learn and observe rules. The Bank distributed a compliance case handbook that focuses on typical violations in key business areas, outlines typical compliance cases, highlights internal and external regulatory requirements, and clarifies key control points to provide strong support for risk prevention and control at the grassroots level.

10.2 Table OR3: Operational Risk Capital Requirement

In RMB million, except for the internal loss multiplier

		a
		As at December 31, 2024
1	Business indicator component (BIC)	37,703
2	Internal loss multiplier (ILM)	1
3	Operational risk capital requirement (ORC)	37,703
4	Operational risk weighted assets (RWA)	471,288

11 Interest Rate Risk in Banking Book

11.1 Table IRRBBA: Risk Management Objectives and Policies for Interest Rate Risk in Banking Book

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

Management of Interest Rate Risk in Banking Book

The Bank developed a management system and governance structure for interest rate risk in banking book in line with its own needs, and adopted a sound strategy for managing interest rate risk in banking book, taking into account macroeconomic conditions, market changes and its risk appetite. The Bank mainly carried out management of interest rate risk in the banking book through repricing gap analysis, net interest income and economic value sensitivity analysis, limit management, duration management, stress testing, proactive adjustment of asset-liability structure and other methods. The Board of Directors undertakes the ultimate responsibilities for the management of interest rate risk in banking book; the senior management is responsible for implementation of the management of interest rate risk in banking book; the Asset and Liability Management Department and other departments at the Head Office manage interest rate risk in banking book based on a division of responsibilities; the Audit Department is tasked with performing independent and objective reviews and assessments of the adequacy and effectiveness of the management system of interest rate risk in banking book. During the reporting period, the Bank closely monitored both domestic and international economic and financial conditions. It enhanced the control of key business limits, conducted regular stress testing and model validations, actively promoted loan diversification and repricing, and maintained a balance among volume, price and risk. Additionally, the Bank emphasized the importance of balancing current earnings with long-term value.

Measurement and Hedging of Interest Rate Risk in Banking Book

The Bank routinely identifies, measures, monitors, controls, and mitigates interest rate risk in its banking book. The key model assumptions employed in the Bank's internal measurement system are consistent with those used in data disclosures provided in Table IRRBB1. The Bank employed a standardized measurement framework to assess interest rate risk in banking book, incorporating six standardized interest rate shock scenarios, and assessed indicators, including the percentage change in the maximum economic value of the banking book and the change in net interest income, on a quarterly basis. The results from the measurement of interest rate risk in banking book were applied to risk monitoring, limit management, stress testing, and other areas. The Bank established a comprehensive management system and processes for interest rate risk in banking book and clarified the use of hedge accounting for hedging activities to ensure effective overall control of interest rate risk in banking book.

Key Model and Parameter Assumptions for Measuring Interest Rate Risk in Banking Book

Non-maturity deposits are classified into core and non-core categories. Non-core deposits are treated as overnight funds, while core deposits have their cash flow maturity periods established based on their characteristics and historical data. For retail deposits (trading accounts), the average repricing period is no more than 4.5 years, with the maximum repricing period not exceeding 15 years. For retail deposits (non-trading accounts), the average repricing period is no more than 3.15 years, with the maximum repricing period not exceeding 15 years. For wholesale deposits, the average repricing period is no more than 2 years, with the maximum repricing period not exceeding 10 years.

For fixed-rate loans that include prepayment options, the benchmark prepayment rate is calculated based on historical data for loan portfolios with similar prepayment characteristics under the base case scenario. Prepayment rates for these portfolios are then re-evaluated under various interest rate shock scenarios using interest rate scenario multipliers to ascertain the nominal repricing cash flow. Similarly, for time deposits that allow for early withdrawals, the benchmark early withdrawal rate is determined for portfolios of time deposits sharing the same early withdrawal features under the base case scenario. Early withdrawal rates for these portfolios are then calculated under various interest rate shock scenarios using interest rate scenario multipliers to determine the nominal repricing cash flow. Additionally, the Bank incorporates commercial spread into its calculation of changes in economic value.

The Bank calculates the changes in economic value separately for currencies that represent 5.00% or more of the total assets or liabilities in the banking book. By aggregating the results for each currency, the maximum loss from changes in economic value across six interest rate shock scenarios is established as the interest rate risk in banking book as measured by changes in economic value.

11.2 Table IRRBB1: Quantitative Information on Interest Rate Risk in Banking Book

In RMB million

Period	Changes in economic value As at December 31, 2024	Changes in net interest income As at December 31, 2024
Parallel up	112,744	-12,336
Parallel down	-83,077	-191,820
Steepening	37,412	
Flattening	-18,077	
Short rate shock up	23,507	
Short rate shock down	-22,542	
Maximum	112,744	-191,820
Period	As at December 31, 2024	
Tier 1 capital	1,000,540	

Notes: (1) This table is completed based on the legal person's data. In line with regulatory reporting requirements, a positive change in economic value indicates a loss, while a negative change suggests a profit. Conversely, a positive change in net interest income denotes a profit, while a negative change indicates a loss.

(2) The Bank's calculation of cash flows incorporates commercial spread, and cash flows are discounted using government bond yields as the risk-free rate of return.

(3) The change in net interest income represents the projected variation over the next 12-month period. In the upward parallel scenario, all interest-earning assets and interest-bearing liabilities undergo a uniform 250-basis-point increase in interest rates. Conversely, the downward parallel scenario maintains deposit rates unchanged while implementing a parallel 250-basis-point reduction in interest rates applicable to interest-earning assets and other interest-bearing liabilities.

(4) The maximum change in economic value in 2024 accounts for 11.28% of net tier 1 capital, indicating that the overall interest rate risk in banking book is under control.

12 Macroprudential Regulatory Measures

12.1 Table GSIB1: Disclosure of G-SIB Indicators

For details on the assessment indicators of global systemically important banks of the Group for the previous year and previous periods, please refer to the Bank's website (www.psbc.com/en/investor_relations/finance/financial_reports/). In accordance with the latest requirements of the G-SIB Assessment Reporting Instructions for 2024 issued by the Basel Committee on Banking Supervision, the Group prepared the following G-SIB indicators for 2024:

In RMB million

No.	Indicator	As at December 31, 2024 Amount
1	Cross-jurisdictional claims	36,775
2	Cross-jurisdictional liabilities	20,842
3	Balance of adjusted on- and off-balance sheet assets	17,916,517
4	Intra-financial system assets	2,566,278
5	Intra-financial system liabilities	228,680
6	Securities and other financing instruments issued	975,906
7	Assets under custody	5,427,830
8	Payments settled via payment systems or correspondent banks	116,835,223
9	Underwritten transactions in debt and equity markets	489,820
10	Trading volume of fixed income securities	6,524,782
11	Trading volume of equities and other securities	4,238
12	Notional amount of over-the-counter derivatives	692,733
13	Level 3 assets	170,602
14	Trading and available-for-sale securities	393,000

Note: The above assessment indicators were calculated and disclosed in accordance with the G-SIB Assessment Reporting Instructions for 2024 issued by the Basel Committee on Banking Supervision, which were unaudited data and differed from the disclosure in the financial statements.

13 Leverage Ratio

13.1 Table LR1: Summary Comparison of Accounting Assets versus Leverage Ratio Exposure Measure

In RMB million

		a
		As at December 31, 2024
1	Total consolidated assets	17,084,910
2	Adjustments that are consolidated for accounting purposes but outside the regulatory scope of consolidation	–
3	Adjustments for fiduciary assets	–
4	Adjustments for derivative financial instruments	7,570
5	Adjustments for securities financing transactions	105,721
6	Adjustments for off-balance sheet items	715,505
7	Adjustments for asset securitisation transactions	–
8	Adjustments for unsettled financial assets	–
9	Adjustments for eligible cash pooling transactions	–
10	Adjustments for temporary exemption of central bank reserves (if applicable)	–
11	Adjustments for prudent valuation adjustments and provisions	–
12	Other adjustments	(6,663)
13	**Adjusted on- and off-balance sheet exposures**	**17,907,043**

13.2 Table LR2: Leverage Ratio Common Disclosure

In RMB million, except for percentages

		a As at December 31, 2024	b As at September 30, 2024
On-balance sheet exposures			
1	On-balance sheet assets (excluding derivatives and securities financing transactions (SFTs))	17,103,062	16,703,175
2	Less: provisions associated with on-balance sheet exposures	(254,655)	(255,253)
3	Less: Tier 1 capital deductions	(6,663)	(5,590)
4	Total on-balance sheet exposures (excluding derivatives and SFTs)	16,841,744	16,442,332
Derivatives exposures			
5	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	5,309	3,574
6	Add-on amounts for potential future exposure associated with all derivatives transactions	8,228	9,484
7	Gross-up for derivatives collateral provided where deducted from the balance sheet assets	–	–
8	Less: deductions of receivable assets for cash variation margin provided in derivatives transactions	–	–
9	Less: exempted central counterparty (CCP) leg of client-cleared trade exposures	–	–
10	Adjusted effective notional amount of written credit derivatives	694	817
11	Less: adjusted effective notional offsets and add-on deductions for written credit derivatives	–	–
12	Total derivative exposures	14,231	13,875
Securities financing transaction exposures			
13	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	229,842	293,652
14	Less: netted amounts of cash payables and cash receivables of gross SFT assets	–	–
15	Counterparty credit risk exposure for SFT assets	105,721	706
16	Agent transaction exposures	–	–
17	Total securities financing transaction exposures	335,563	294,358

		a As at December 31, 2024	b As at September 30, 2024
Other off-balance sheet exposures			
18	Off-balance sheet exposure at gross notional amount	2,863,636	3,070,593
19	Less: adjustments for conversion to credit equivalent amounts	(2,141,452)	(2,288,683)
20	Less: provisions associated with off-balance sheet exposures	(6,679)	(6,028)
21	Off-balance sheet items	715,505	775,882
Capital and total exposures			
22	Net tier 1 capital	1,024,332	1,026,922
23	Adjusted on- and off-balance sheet exposures	17,907,043	17,526,447
Leverage ratio			
24	Leverage ratio	5.72%	5.86%
24a	Leverage ratio a(1)	5.72%	5.86%
25	Minimum leverage ratio requirements	4.00%	4.00%
26	Additional leverage buffers	0.25%	0.25%
Disclosure of mean values			
27	Mean value of gross SFT assets	202,766	217,343
27a	Quarter-end value of gross SFT assets	229,842	293,652
28	Adjusted on- and off-balance sheet exposures a(2)	17,879,967	17,450,138
28a	Adjusted on- and off-balance sheet exposures b(3)	17,879,967	17,450,138
29	Leverage ratio b(4)	5.73%	5.88%
29a	Leverage ratio c(5)	5.73%	5.88%

Notes: (1) Leverage ratio a refers to the leverage ratio calculated using the balance of securities financing transactions at the end of the quarter, without taking into account the temporarily exempted deposit reserves.

(2) Adjusted on- and off-balance sheet exposures a refers to the balance of adjusted on- and off-balance sheet assets calculated using the simple arithmetic average of the daily balances of securities financing transactions during the latest quarter, taking into account the temporarily exempted deposit reserves.

(3) Adjusted on- and off-balance sheet exposures b refers to the balance of adjusted on- and off-balance sheet assets calculated using the simple arithmetic average of the daily balances of securities financing transactions during the latest quarter, without taking into account the temporarily exempted deposit reserves.

(4) Leverage ratio b refers to the leverage ratio calculated using the simple arithmetic average of the daily balances of securities financing transactions during the latest quarter, taking into account the temporarily exempted deposit reserves.

(5) Leverage ratio c refers to the leverage ratio calculated using the simple arithmetic average of the daily balances of securities financing transactions during the latest quarter, without taking into account the temporarily exempted deposit reserves.

14 Liquidity Risk

14.1 Table LIQA: Liquidity Risk Management

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

Governance Structure of Liquidity Risk Management

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

Objective, Strategy and Policy of Liquidity Risk Management

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

Liquidity Risk Management Method

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

Liquidity Risk Stress Testing

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

Liquidity Risk Analysis

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

14.2 Table LIQ1: Liquidity Coverage Ratio

In RMB million, except for percentages

		a Total adjusted value As at December 31, 2024
1	High-quality liquid assets	3,296,267
2	Net cash outflow [1]	1,147,394
3	Liquidity coverage ratio (%)	287.28

Note: (1) Net cash outflow refers to the net cash outflow for the next 30 days.

14.3 Table LIQ2: Net Stable Funding Ratio

In RMB million, except for percentages

		a Total weighted value As at December 31, 2024	b Total weighted value As at September 30, 2024
1	Total available stable funding	14,555,976	14,246,095
2	Total required stable funding	8,472,650	8,400,400
3	Net stable funding ratio (%)	171.80	169.59