

As at 3	31 December 2015		111/01/000
Transition Disclosures Template			HK\$ ' 000 Amounts subject to pre-Basel III treatment*
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	5,435,904	
2	Retained earnings	4,291,833	
3	Disclosed reserves	2,294,564	
4	Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	Not applicable	
5	Public sector capital injections grandfathered until 1 January 2018 Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and	Not applicable 0	
_	held by third parties (amount allowed in CET1 capital of the consolidation group)	10,000,001	
6	CET1 capital before regulatory deductions CET1 capital: regulatory deductions	12,022,301	
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liability)	0	
9	Other intangible assets (net of associated deferred tax liability)	0	
10	Deferred tax assets net of deferred tax liabilities	14,236	
11	Cash flow hedge reserve	0	
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	
	9 1 11	0	<u>-</u>
13	Gain-on-sale arising from securitization transactions		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	0
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	18,234	0
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	0
17	Reciprocal cross-holdings in CET1 capital instruments	0	0
18	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
20	Mortgage servicing rights (amount above 10% threshold)	Not applicable	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	Not applicable	
22	Amount exceeding the 15% threshold	Not applicable	
23	of which: significant investments in the common stock of financial sector entities	Not applicable	
24	of which: mortgage servicing rights	Not applicable	
25	of which: deferred tax assets arising from temporary differences	Not applicable	
26	National specific regulatory adjustments applied to CET1 capital	863,645	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	200,645	
26b	Regulatory reserve for general banking risks	663,000	
	Securitization exposures specified in a notice given by the Monetary Authority	0	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	0	
26e	Capital shortfall of regulated non-bank subsidiaries	0	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	0
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0	
28	Total regulatory deductions to CET1 capital	896,115	
29	CET1 capital	11,126,186	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	2,312,030	
31	of which: classified as equity under applicable accounting standards	2,312,030	
32	of which: classified as liabilities under applicable accounting standards	0	
33	Capital instruments subject to phase out arrangements from AT1 capital	0	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount	0	
	allowed in AT1 capital of the consolidation group)		
<i>35</i> 36	of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	2,312,030	
30	AT1 capital before regulatory deductions	2,312,030	



	31 December 2015		HK# 1 000
	Transition Disclosures Template		HK\$ ' 000 Amounts subject to pre-Basel III treatment*
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	0	0
38	Reciprocal cross-holdings in AT1 capital instruments	0	0
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are	0	0
	outside the scope of regulatory consolidation (amount above 10% threshold)		
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are	0	0
	outside the scope of regulatory consolidation		
41	AT1 capital: regulatory deductions National specific regulatory adjustments applied to AT1 capital	0	
-41	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III	U	
41a	treatment which, during transitional period, remain subject to deduction from Tier 1 capital	0	
i	of which: Excess of total EL amount over total eligible provisions under the IRB approach	0	
ii	of which: Capital shortfall of regulated non-bank subsidiaries	0	
iii	of which: Investments in own CET1 capital instruments	0	
iv	of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	0	
V	of which: Capital investment in a connected company which is a commercial entity (amount above	0	
٧	15% of the reporting institution's capital base)	U	
	of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and		
vi	Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory	0	
	consolidation		
	of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier		
vii	2 capital instruments issued by financial sector entities that are outside the scope of regulatory	0	
40	consolidation		
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions Total regulatory deductions to AT1 capital	0	
43	AT1 capital	2,312,030	
45	Tier 1 capital (Tier 1 = CET1 + AT1)	13,438,216	
45	Tier 2 capital: instruments and provisions	13,430,210	
	·		
46	Qualifying Tier 2 capital instruments plus any related share premium	0	
47	Capital instruments subject to phase out arrangements from Tier 2 capital	1,211,493	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount	0	
40	allowed in Tier 2 capital of the consolidation group)	U	
49	of which: capital instruments issued by subsidiaries subject to phase out arrangements	0	
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for	913,494	
	inclusion in Tier 2 capital	The state of the s	
51	Tier 2 capital before regulatory deductions Tier 2 capital: regulatory deductions	2,124,987	
F0	· • • • • • • • • • • • • • • • • • • •	0	
52	Investments in own Tier 2 capital instruments		0
53	Reciprocal cross-holdings in Tier 2 capital instruments	0	0
54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are	0	0
	outside the scope of regulatory consolidation (amount above 10% threshold)		
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	0
56	National specific regulatory adjustments	(90,290)	
- 30	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use	(30,230)	
56a	and investment properties) eligible for inclusion in Tier 2 capital	(90,290)	
	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III		
56b	treatment which, during transitional period, remain subject to deduction from Tier 2 capital	0	
i	of which: Excess of total EL amount over total eligible provisions under the IRB approach	0	
ii	of which: Capital shortfall of regulated non-bank subsidiaries	0	
iii	of which: Investments in own CET1 capital instruments	0	
iv	of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	0	
	of which: Capital investment in a connected company which is a commercial entity (amount above		
V	15% of the reporting institution's capital base)	0	
	1070 of the reporting medication o capital baccy		
	of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and		
vi	Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory		
	consolidation		
	of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier		
	2 capital instruments issued by financial sector entities that are outside the scope of regulatory	0	
vii			
	consolidation		
57	Total regulatory deductions to Tier 2 capital	(90,290)	
		(90,290) 2,215,277 15,653,493	



HK\$ '000 Amounts subject to **Transition Disclosures Template** pre-Basel III treatment* Deduction items under Basel III which during transitional period remain subject to risk-weighting, 59a 0 based on pre-Basel III treatment of which: Mortgage servicing rights 0 of which: Defined benefit pension fund net assets ii 0 ofwhich: Investments in own CET1 capital instruments, AT1 capital instruments and Tier 2 capital 0 iv of which: Capital investment in a connected company which is a commercial entity 0 of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory 0 consolidation of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tiel 2 capital instruments issued by financial sector entities that are outside the scope of regulatory 0 onsolidation Total risk weighted assets 88.277.372 60 Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio 61 12.60% 62 Tier 1 capital ratio 15.22% 63 Total capital ratio Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3A, or s.3B, as the case requires, of the BCR plus capital conservation buffer plus countercyclical buffer 4.50% requirements plus G-SIB or D-SIB requirements) of which: capital conservation buffer requirement 0.00% 65 66 of which: bank specific countercyclical buffer requirement 0.00% of which: G-SIB or D-SIB buffer requirement 0.00% CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the 8.10% Tier 1 and Total capital requirement under s.3A, or s.3B, as the case requires, of the BCR National minima (if different from Basel 3 minimum) National CET1 minimum ratio Not applicable National Tier 1 minimum ratio Not applicable 70 71 National Total capital minimum ratio Not applicable Amounts below the thresholds for deduction (before risk weighting) Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory 30,365 Significant capital investments in CET1 capital instruments issued by financial sector entities that are 73 225,069 outside the scope of regulatory consolidation Mortgage servicing rights (net of related tax liability) Not applicable 75 Deferred tax assets arising from temporary differences (net of related tax liability) Not applicable Applicable caps on the inclusion of provisions in Tier 2 capital Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach and the 76 913.494 standardized (credit risk) approach (prior to application of cap) Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) 77 1.044.366 approach Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to Not applicable application of cap) Cap for inclusion of provisions in Tier 2 under the IRB approach Not applicable Capital instruments subject to phase-out arrangements Current cap on CET1 capital instruments subject to phase out arrangements 80 Not applicable 81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) Not applicable 82 Current cap on AT1 capital instruments subject to phase out arrangements Not applicable Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities) Not applicable 1,211,493 Current cap on Tier 2 capital instruments subject to phase out arrangements Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities) 608.098

^{*} This refers to the position under the Banking (Capital) Rules in force on 31 December 2012.



Notes to the template:

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

Row No.	Description	Hong Kong basis	Basel III basis		
	Other intangible assets (net of associated deferred tax liability)	0	0		
9	Explanation As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSRs) may be given limited recognit CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an Al is required to follow the accounting of including MSRs as part of intangible assets reported in the Al's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in each the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital. In the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in each the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital. In the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in each text.				
	Deferred tax assets net of deferred tax liabilities	14,236	0		
10	Explanation As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely on future profitable are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be CET1 capital up to the specified threshold). In Hong Kong, an Al is required to deduct all DTAs in full, irrespective of their origin, from CE amount to be deducted as reported in row 10 may be greater than that required under Basel III.	excluded from de	eduction from		
	The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported und adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% thre temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investmen issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel 110 per 12 per 13 per 14 per 15	shold set for DTA ts in CET1 capita	s arising from		
	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0		
18	Explanation For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.				
	Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate or other credit exposures to the Al's connected companies which were subject to deduction under the Hong Kong approach.				
	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0		
19	Explanation For the purpose of determining the total amount of significant capital investments in CET1 capital instruments issued by financial sector eraggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the Al in the capi sector entity, except where the Al demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility other credit exposure was incurred, in the ordinary course of the Al's business.	company is a fin tal instruments of	ancial sector the financial		
	Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount or other credit exposures to the Al's connected companies which were subject to deduction under the Hong Kong approach.				
	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0		
Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold exemption from capital deduction of other insignificant capital investments in AT1 capital instruments may be smaller. Therefore, the amount to be deduction row 39 may be greater than that required under Basel III. The amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the A companies which were subject to deduction under the Hong Kong approach.					
	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0		
54	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom with exemption from capital deduction of other insignificant capital investments in Tier 2 capital instruments may be smaller. Therefore, the am in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit expressions which were subject to deduction under the Hong Kong approach.	in the threshold a nount to be deduc s the amount repo	available for the sted as reported orted in row 54		
Rema	rrks:				
The a	mount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the Banking (C	apital) Rules.			

Abbreviations:

CET1: Common Equity Tier 1 AT1: Additional Tier 1



	31 December 2014		HK\$ ' 000
Transition Disclosures Template			Amounts subject to pre-Basel III treatment*
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,760,317	
3	Retained earnings Disclosed reserves	3,740,945 2,324,886	
4	Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	Not applicable	
	Public sector capital injections grandfathered until 1 January 2018	Not applicable	
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	0	
6	CET1 capital before regulatory deductions	7,826,148	
_	CET1 capital: regulatory deductions	1	
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liability)	0	
9 10	Other intangible assets (net of associated deferred tax liability) Deferred tax assets net of deferred tax liabilities	4,697	
11	Cash flow hedge reserve	4,097	
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	0
			<u>-</u>
13	Gain-on-sale arising from securitization transactions	0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	0
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	18,235	0
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	0
17	Reciprocal cross-holdings in CET1 capital instruments	0	0
18	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
20	Mortgage servicing rights (amount above 10% threshold)	Not applicable	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	Not applicable	
22	Amount exceeding the 15% threshold	Not applicable	
23	of which: significant investments in the common stock of financial sector entities	Not applicable	
24			
	of which: mortgage servicing rights	Not applicable	
25	of which: deferred tax assets arising from temporary differences	Not applicable	
26	National specific regulatory adjustments applied to CET1 capital	809,880	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	236,880	
26b	Regulatory reserve for general banking risks	573,000	
26c	Securitization exposures specified in a notice given by the Monetary Authority	0	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	0	
26e	Capital shortfall of regulated non-bank subsidiaries	0	0
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	0
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0	
28	Total regulatory deductions to CET1 capital	832,812	
29	CET1 capital	6,993,336	
00	AT1 capital: instruments	0.040.000	
30	Qualifying AT1 capital instruments plus any related share premium	2,312,030	
31	of which: classified as equity under applicable accounting standards of which: classified as liabilities under applicable accounting standards	2,312,030	
.4.7		0	
32			
33	Capital instruments subject to phase out arrangements from AT1 capital AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed	_	
	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	0	



As at 3	31 December 2014		111/4 1 000	
Transition Disclosures Template			HK\$ ' 000 Amounts subject to pre-Basel III treatment*	
	AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	0	0	
38	Reciprocal cross-holdings in AT1 capital instruments	0	0	
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are	0	0	
	outside the scope of regulatory consolidation (amount above 10% threshold)			
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	0	
	AT1 capital: regulatory deductions			
41	National specific regulatory adjustments applied to AT1 capital	0		
	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III			
41a	treatment which, during transitional period, remain subject to deduction from Tier1 capital	0		
i	of which: Excess of total EL amount over total eligible provisions under the IRB approach	0		
ii	of which: Capital shortfall of regulated non-bank subsidiaries	0		
iii	of which: Investments in own CET1 capital instruments	0		
iv	of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	0		
v	of which: Capital investment in a connected company which is a commercial entity (amount above 15% of	0		
V	the reporting institution's capital base)	0		
vi	of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2	0		
•	capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	Ŭ		
vii	of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2	0		
	capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	_		
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0		
43	Total regulatory deductions to AT1 capital	0		
44	AT1 capital	2,312,030		
45	Tier 1 capital (Tier 1 = CET1 + AT1)	9,305,366		
	Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	0		
47	Capital instruments subject to phase out arrangements from Tier 2 capital	1,388,170		
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount	0		
40	allowed in Tier 2 capital of the consolidation group)	0		
49	of which: capital instruments issued by subsidiaries subject to phase out arrangements Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in	0		
50	Tier 2 capital	811,986		
51	Tier 2 capital before regulatory deductions	2,200,156		
	Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	0	0	
53	Reciprocal cross-holdings in Tier 2 capital instruments	0		
	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are	_	Ī	
54	outside the scope of regulatory consolidation (amount above 10% threshold)	0	0	
	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are	0		
55	outside the scope of regulatory consolidation	0	0	
56	National specific regulatory adjustments applied to Tier 2 capital	(106,596)		
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(106,596)		
Ech	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III			
56b	treatment which, during transitional period, remain subject to deduction from Tier 2 capital	0		
i	of which: Excess of total EL amount over total eligible provisions under the IRB approach	0		
ii	of which: Capital shortfall of regulated non-bank subsidiaries	0		
iii	of which: Investments in own CET1 capital instruments	0		
iv	of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	0		
v	of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0		
vi	of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation			
vii	of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2	0		
	capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation			
57	Total regulatory deductions to Tier 2 capital	(106,596)		
58	Tier 2 capital	2,306,752		
59	Total capital (Total capital = Tier 1 + Tier 2)	11,612,118		



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HK\$ '000 Amounts subject to Transition Disclosures Template pre-Basel III treatment* Deduction items under Basel III which during transitional period remain subject to risk-weighting, based on 59a 0 ore-Basel III treatment 0 of which: Mortgage servicing rights 0 of which: Defined benefit pension fund net assets ii of which: Investments in own CET1 capital instruments, AT1 capital instruments and Tier 2 capital iii 0 instruments 0 iv of which: Capital investment in a connected company which is a commercial entity of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 0 ν capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 0 vi capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 60 72,857,061 Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio 9.60% 61 62 Tier 1 capital ratio 12.77% 63 Total capital ratio 15.94% nstitution specific buffer requirement (minimum CET1 capital requirement as specified in s.3A, or s.3B, as the case requires, of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus 4.00% G-SIB or D-SIB requirements) 65 of which: capital conservation buffer requirement Not applicable of which: bank specific countercyclical buffer requirement 66 Not applicable of which: G-SIB or D-SIB buffer requirement 67 Not applicable CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 5.60% and Total capital requirement under s.3A, or s.3B, as the case requires, of the BCR National minima (if different from Basel 3 minimum) National CET1 minimum ratio Not applicable 70 National Tier 1 minimum ratio Not applicable 71 National Total capital minimum ratio Not applicable v the thresholds for deduction (before risk weightir Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital 36.539 72 instruments issued by financial sector entities that are outside the scope of regulatory consolidation Significant capital investments in CET1 capital instruments issued by financial sector entities that are 73 225 069 outside the scope of regulatory consolidation 74 Mortgage servicing rights (net of related tax liability) Not applicable 75 Deferred tax assets arising from temporary differences (net of related tax liability) Not applicable Applicable caps on the inclusion of provisions in Tier 2 capital Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach and the 76 811,986 standardized (credit risk) approach (prior to application of cap) Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) 77 865 926 approach Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to 78 Not applicable application of cap) 79 Cap for inclusion of provisions in Tier 2 under the IRB approach Not applicable Capital instruments subject to phase-out arrangements 80 Current cap on CET1 capital instruments subject to phase out arrangements Not applicable 81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) Not applicable 82 Current cap on AT1 capital instruments subject to phase out arrangements Not applicable 83 Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities) Not applicable

Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)

Current cap on Tier 2 capital instruments subject to phase out arrangements

1,388,170

427,393

^{*} This refers to the position under the Banking (Capital) Rules in force on 31 December 2012.



Notes to the template:

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

Row No.	Description	Hong Kong basis	Basel III basis		
	Other intangible assets (net of associated deferred tax liability)	0	0		
9	Explanation As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSF recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong K the accounting treatment of including MSRs as part of intangible assets reported in the Al's financial statements and to deduct M Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount report basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by re be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTA differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are I exposures to connected companies) under Basel III.	ong, an AI is requested in full from (ted under the coleducing the amous arising from ten	uired to follow CET1 capital. umn "Basel III nt of MSRs to nporary		
	Deferred tax assets net of deferred tax liabilities	4,697	0		
10	Explanation As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely on future realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 cap deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III.	ital (and hence b	e excluded from		
	The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount repasis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in exces DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary difference CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures Basel III.	s of the 10% thre es and significant	shold set for tinvestments in		
	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0		
18	Explanation For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.				
	Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.				
	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0		
19	Explanation For the purpose of determining the total amount of significant capital investments in CET1 capital instruments issued by financia required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic instruments of the financial sector entity, except where the Al demonstrates to the satisfaction of the Monetary Authority that any facility was granted, or any such other credit exposure was incurred, in the ordinary course of the Al's business.	where the connect holdings of the A	cted company Al in the capital		
	Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by of loans, facilities or other credit exposures to the Al's connected companies which were subject to deduction under the Hong Ko	excluding the ago			
	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0		
39	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital i				
	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0		
54	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CE purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mee threshold available for the exemption from capital deduction of other insignificant capital investments in Tier 2 capital instrument the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding facilities or other credit exposures to the Al's connected companies which were subject to deduction under the Hong Kong appro	an the headroom s may be smaller the column "Base the aggregate an	within the . Therefore, el III basis" in		
Rema	rrks:				
The a	amount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the B	anking (Capital)	Rules.		

Abbreviations:
CET1: Common Equity Tier 1
AT1: Additional Tier 1