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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 0 28 Total regulatory deductions to CET1 capital 966,599 9 9 CET1 capital 11,321,163 Mathematical of which: classified as equity under applicable accounting standards 2,312,030 30 Qualifying AT1 capital instruments plus any related share premium 2,312,030 31 of which: classified as equity under applicable accounting standards 0 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 allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 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 0 28 Total regulatory deductions to CET1 capital 966,599 9 966,599 29 CET1 capital 11,321,163 11,321,163 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 0 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 of the consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0				
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 0 28 Total regulatory deductions to CET1 capital 966,599 9 966,599 29 CET1 capital 11,321,163 11,321,163 Or applicable accounting standards 30 Qualifying AT1 capital instruments plus any related share premium 2,312,030 31 of which: classified as equity under applicable accounting standards 0 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 allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 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 966,599 29 CET1 capital 11,321,163 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 <i>Capital instruments subject to phase out arrangements from AT1 capital</i> 0 34 AT1 capital of the consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0		Capital investment in a connected company which is a commercial entity (amount above 15% of the		
28 Total regulatory deductions to CET1 capital 966,599 29 CET1 capital 11,321,163 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 allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0	27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to	0	
29 CET1 capital 11,321,163 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 <i>Capital instruments subject to phase out arrangements from AT1 capital</i> 0 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0	28		966 500	
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 allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0	_			
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 allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0	23		11,021,100	
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 allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0	30		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 allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 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 allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0			0	
34 allowed in AT1 capital of the consolidation group) 0 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0			0	
35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0	34		0	
	35		0	
30 IATT capital before regulatory deductions 2,312,030	36	AT1 capital before regulatory deductions	2,312,030	



	30 June 2016		HK\$ ' 000
	Transition Disclosures Template		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 outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are	0	0
	outside the scope of regulatory consolidation	-	
44	AT1 capital: regulatory deductions	0	
41	National specific regulatory adjustments applied to AT1 capital	0	
41a	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III 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 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	0	
vii	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 consolidation	0	
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)	13,633,193	
	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	1,038,423	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount	0	
49	allowed in Tier 2 capital of the consolidation group) of which: capital instruments issued by subsidiaries subject to phase out arrangements	0	
	Collective impairment allowances and regulatory reserve for general banking risks eligible for		
50	inclusion in Tier 2 capital	901,562	
51	Tier 2 capital before regulatory deductions	1,939,985	
	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	0
54	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
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are	0	0
56	outside the scope of regulatory consolidation National specific regulatory adjustments	(88,893)	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use	(88,893)	
-	and investment properties) eligible for inclusion in Tier 2 capital 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	0	
v	15% of the reporting institution's capital base)		
v 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		
	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	
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 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 consolidation Total regulatory deductions to Tier 2 capital	0 (88,893)	
vi vii	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 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 consolidation		



As at 3	<u>0 June 2016</u>		
	Transition Disclosures Template		HK\$ ' 00 Amounts subject to pre-Basel III treatment*
59a	Deduction items under Basel III which during transitional period remain subject to risk-weighting, based on pre-Basel III treatment	0	
i	of which: Mortgage servicing rights	0	
	of which: Defined benefit pension fund net assets	0	
iii	of which: Investments in own CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments	0	
	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	
vi	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 consolidation	0	
	Total risk weighted assets	91,475,255	
	Capital ratios (as a percentage of risk weighted assets)	01,170,200	
61	CET1 capital ratio	12.38%	
	Tier 1 capital ratio	14.90%	
	Total capital ratio		
63		17.12%	
	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 requirements plus G-SIB or D-SIB requirements)	5.631%	
65	of which: capital conservation buffer requirement	0.625%	
66	of which: bank specific countercyclical buffer requirement	0.506%	
67	of which: G-SIB or D-SIB buffer requirement	0.000%	
68	CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3A, or s.3B, as the case requires, of the BCR	7.88%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	
70	National Tier 1 minimum ratio	Not applicable	
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 consolidation	29,968	
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	225,069	
	Mortgage servicing rights (net of related tax liability)	Not applicable	
	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		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach and the standardized (credit risk) approach (prior to application of cap)	901,562	
//	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	1,073,955	
/X	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	Not applicable	
79	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	Not applicable	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable	
81 82	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) Current cap on AT1 capital instruments subject to phase out arrangements	Not applicable	
81 82 83	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) Current cap on AT1 capital instruments subject to phase out arrangements Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	Not applicable Not applicable	
81 82 83 84	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) Current cap on AT1 capital instruments subject to phase out arrangements	Not applicable	

* 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 CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. The deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducte the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant is instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies).	follow the account refore, the amount in this box represent d to the extent no nvestments in CE	nting treatmen at to be ents the at in excess of			
	Deferred tax assets net of deferred tax liabilities	7,606	(
)	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 profitab 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 AI 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	duction 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 Base	shold set for DTA ts in CET1 capital	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	(
8	Explanation For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector aggregate 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 facilitie other credit exposure was incurred, in the ordinary course of the Al's business.	company is a fina tal instruments of	ancial sector the financial			
	Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggre 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	(
19	aggregate 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 AI in the capi	For the purpose of determining the total amount of significant 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				
	Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggre or other credit exposures to the AI'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	(
39	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 AT1 capital instruments may be smaller. Therefore, the amo in row 39 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 expo companies which were subject to deduction under the Hong Kong approach.	in the threshold a unt to be deducte the amount repo	vailable for th d as reported inted in row 39			
	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 arr 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 expor- companies which were subject to deduction under the Hong Kong approach.	in the threshold a nount to be deduc the amount repo	vailable for th ted as reporte rted in row 54			
ema	arks:					

Abbreviations:

CET1: Common Equity Tier 1 AT1: Additional Tier 1



	Transition Disclosures Template		<u>HK\$ ' 000</u> 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 Disclosed reserves	4,291,833 2,294,564	
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	12,022,301	
	CET1 capital: regulatory deductions		
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 11	Deferred tax assets net of deferred tax liabilities Cash flow hedge reserve	14,236	
	× · · · · · · · · · · · · · · · · · · ·	0	
12	Excess of total EL amount over total eligible provisions under the IRB approach		
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)	18,234	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	
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	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 32	of which: classified as equity under applicable accounting standards of which: classified as liabilities under applicable accounting standards	2,312,030	
32	Capital instruments subject to phase out arrangements from AT1 capital	0	
	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount		
34	allowed in AT1 capital of the consolidation group)	0	
35	of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	0	
36	AT1 capital before regulatory deductions	2,312,030	



	Transition Disclosures Template AT1 capital: regulatory deductions		HK\$ ' 000 Amounts subject to pre-Basel III treatment*
37	Investments in own AT1 capital instruments	0	
38	Reciprocal cross-holdings in AT1 capital instruments	0	
- 30	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are	0	
39	outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
<u> </u>	Significant capital investments in AT1 capital instruments issued by financial sector entities that are		
40	outside the scope of regulatory consolidation	0	0
	AT1 capital: regulatory deductions		
41	National specific regulatory adjustments applied to AT1 capital	0	
41a	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III	0	
410	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 15% of the reporting institution's capital base)	0	
	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	Ũ	
	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	
	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)	13,438,216	
	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	1,211,493	
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)	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	0	
50	inclusion in Tier 2 capital	913,494	
51	Tier 2 capital before regulatory deductions	2,124,987	
	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		[
54	outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
	Significant conital investments in Tier 2 conital instruments issued by financial costar entities that are		
55	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
	outside the scope of regulatory consolidation National specific regulatory adjustments	0 (90,290)	0
56	outside the scope of regulatory consolidation National specific regulatory adjustments Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use	(90,290)	0
	outside the scope of regulatory consolidation National specific regulatory adjustments 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		0
56	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III	(90,290)	0
56 56a 56b	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital	(90,290) (90,290) 0	0
56 56a 56b i	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach	(90,290) (90,290) 0 0	0
56 56a 56b i	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach of which: Capital shortfall of regulated non-bank subsidiaries	(90,290) (90,290) 0 0 0 0	0
56 56a 56b i	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach of which: Capital shortfall of regulated non-bank subsidiaries of which: Investments in own CET1 capital instruments	(90,290) (90,290) 0 0	0
56 56a 56b i ii iii	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach of which: Capital shortfall of regulated non-bank subsidiaries of which: Investments in own CET1 capital instruments of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	(90,290) (90,290) 0 0 0 0 0	0
56 56a 56b i ii iii	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach of which: Capital shortfall of regulated non-bank subsidiaries of which: Investments in own CET1 capital instruments	(90,290) (90,290) 0 0 0 0 0	0
56 56a 56b i ii iii iii	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach of which: Capital shortfall of regulated non-bank subsidiaries of which: Investments in own CET1 capital instruments of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities of which: Capital investment in a connected company which is a commercial entity (amount above	(90,290) (90,290) 0 0 0 0 0 0 0	0
56 56a 56b i ii iii iv v	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach of which: Capital shortfall of regulated non-bank subsidiaries of which: Investments in own CET1 capital instruments of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector of regulatory	(90,290) (90,290) 0 0 0 0 0 0 0	0
56 56a 56b ii iii iv v v	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach of which: Capital shortfall of regulated non-bank subsidiaries of which: Investments in own CET1 capital instruments of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 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 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	(90,290) (90,290) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0
56 56a 56b ii iii iiv v v vi vi	outside the scope of regulatory consolidation National specific regulatory adjustments 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 Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach of which: Capital shortfall of regulated non-bank subsidiaries of which: Investments in own CET1 capital instruments of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 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 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 consolidation	(90,290) (90,290) 0 0 0 0 0 0 0	0



As at 3	31 December 2015		
	Transition Disclosures Template		HK\$ ' 00 Amounts subject to pre-Basel III treatment*
59a	Deduction items under Basel III which during transitional period remain subject to risk-weighting, based on pre-Basel III treatment	0	
i	of which: Mortgage servicing rights	0	
ii	of which: Defined benefit pension fund net assets	0	
iii	ofwhich: Investments in own CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments	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		
V	Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
vi	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 consolidation	0	
60	Total risk weighted assets	88,277,372	
	Capital ratios (as a percentage of risk weighted assets)		
61	CET1 capital ratio	12.60%	
	Tier 1 capital ratio	15.22%	
63	Total capital ratio	17.73%	
00	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3A, or		
64	s.3B, as the case requires, of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	4.50%	
65	of which: capital conservation buffer requirement	0.00%	
66	of which: bank specific countercyclical buffer requirement	0.00%	
67	of which: G-SIB or D-SIB buffer requirement	0.00%	
68	CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3A, or s.3B, as the case requires, of the BCR	8.10%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	
70	National Tier 1 minimum ratio	Not applicable	
71	National Total capital minimum ratio	Not applicable	
	Amounts below the thresholds for deduction (before risk weighting)		
72	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	30,365	
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	225,069	
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		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach and the standardized (credit risk) approach (prior to application of cap)	913,494	
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	1,044,366	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	Not applicable	
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	
	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	Not applicable	
83			
83 84 85	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)	1,211,493 608,098	

* 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		
Ð	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 CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. The deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducte the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant is instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies)	follow the accour refore, the amour in this box represent d to the extent no nvestments in CE	nting treatmen nt to be ents the ot in excess of		
	Deferred tax assets net of deferred tax liabilities	14,236	C		
0	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 profitab 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 AI 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 Ba	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	C		
8	Explanation For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector aggregate 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 AI in the capi sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facilities other credit exposure was incurred, in the ordinary course of the AI's business.	company is a fina tal instruments of	ancial sector the financial		
	Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggre 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	C		
19	Explanation For the purpose of determining the total amount of significant 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 19 may be greater than that required under Basel III. The amount reported under this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggre or other credit exposures to the AI'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	(
39	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 AT1 capital instruments may be smaller. Therefore, the amo in row 39 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 expo companies which were subject to deduction under the Hong Kong approach.	in the threshold a unt to be deducte the amount repo	available for the d as reported orted in row 39		
	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 arr 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 expo companies which were subject to deduction under the Hong Kong approach.	in the threshold a nount to be deduc the amount repo	available for th ted as reporte orted in row 54		
ema	rks:				

Abbreviations:

CET1: Common Equity Tier 1 AT1: Additional Tier 1