

Regulatory Disclosure As at 30 June 2016

The breakdown of CET1 capital, Additional Tier 1 capital, Tier 2 capital and regulatory deductions for the company

Capital Disclosures Template

Retained earnings 207,872 3 Disclosed reserves 7,7,000 4 Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies) Not applicable of the control of the phase out from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties amount at allowed in CET1 capital of the consolidation group) 6 (EET1 capital before regulatory deductions 379,872 Full nation adjustments 6 (CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties amount above (Deferred tax institution) 10 (CET1 capital flered tax institution) 11 (Cash flow hedge reserve 10 (CET1 capital flered tax institution) 11 (Cash flow hedge reserve 11 (CET1 capital flered tax institution) 12 (CET1 capital flered tax institution) 13 (CET1 capital flered tax institution) 13 (CET1 capital flered tax institution) 14 (CET1 capital flered tax institution) 15 (CET1 capital flered tax institution) 15 (CET1 capital flered tax institution) 16 (CET1 capital flered tax institution) 16 (CET1 capital flered tax institution) 17 (CET1 capital flered tax institution) 17 (CET1 capital flered tax institution) 18 (CET1 capital flered tax institution) 18 (CET1 capital flered tax institution) 19 (CET1			HK\$ '000	
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National specific regulatory adjustments applied to CET1 capital 28,555 26a Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) 28,555 26b Regulatory reserve for general banking risks 26c Securitization exposures specified in a notice given by the Monetary Authority 26d Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings 26e Capital shortfall of regulated non-bank subsidiaries 26f Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions 28 Total regulatory deductions to CET1 capital 28,555 29 CET1 capital 31 AT1 capital instruments plus any related share premium of which: classified as equity under applicable accounting standards 30 Qualifying AT1 capital instruments plus any related share premium of which: classified as liabilities under applicable accounting standards 30 Capital instruments subject to phase out arrangements from AT1 capital 4T1 capital instruments subject to phase out arrangements from AT1 capital 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	24	of which: mortgage servicing rights	Not applicable	
Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) 28,555	25	of which: deferred tax assets arising from temporary differences	Not applicable	
Regulatory reserve for general banking risks 26c Securitization exposures specified in a notice given by the Monetary Authority 26d Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings 26e Capital shortfall of regulated non-bank subsidiaries 26f Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions 28 Total regulatory deductions to CET1 capital 28,555 29 CET1 capital AT1 capital: instruments 30 Qualifying AT1 capital instruments plus any related share premium 31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 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 in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00 31 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	26	National specific regulatory adjustments applied to CET1 capital	28,555	
26c Securitization exposures specified in a notice given by the Monetary Authority 26d Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings 26e Capital shortfall of regulated non-bank subsidiaries 26f Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions 28 Total regulatory deductions to CET1 capital 28,555 29 CET1 capital 351,317 AT1 capital: instruments 30 Qualifying AT1 capital instruments plus any related share premium 31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from AT1 capital 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	28,555	
26d Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings 26e Capital shortfall of regulated non-bank subsidiaries 26f Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions 28 Total regulatory deductions to CET1 capital 28,555 29 CET1 capital 351,317 AT1 capital instruments plus any related share premium 20 Of which: classified as equity under applicable accounting standards 20 of which: classified as liabilities under applicable accounting standards 20 Of which: classified as liabilities under applicable accounting standards 21,420 AT1 capital instruments subject to phase out arrangements from AT1 capital 24,420 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 00 Of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00 Of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00 Of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00 Of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00 Of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00 Of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00 Of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00 Of which: AT1 capital instruments issued by subsidiaries 00 Of which: AT1 capital instruments 00 Of which: AT1 capital instruments 00 Of which: AT1 capital instruments 00 Of	26b	Regulatory reserve for general banking risks	0	
26c Capital shortfall of regulated non-bank subsidiaries 26f Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions 28 Total regulatory deductions to CET1 capital 28,555 29 CET1 capital 351,317 AT1 capital: instruments 30 Qualifying AT1 capital instruments plus any related share premium 31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from AT1 capital 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	26c	Securitization exposures specified in a notice given by the Monetary Authority	0	
Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions 28 Total regulatory deductions to CET1 capital 28,555 29 CET1 capital AT1 capital: instruments 30 Qualifying AT1 capital instruments plus any related share premium 31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from AT1 capital 4T1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00			0	
capital base) 27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions 28 Total regulatory deductions to CET1 capital 28,555 29 CET1 capital 351,317 AT1 capital: instruments 30 Qualifying AT1 capital instruments plus any related share premium 31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from AT1 capital 4AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00	26e		0	
27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions 28 Total regulatory deductions to CET1 capital 28,555 29 CET1 capital 351,317 AT1 capital: instruments 30 Qualifying AT1 capital instruments plus any related share premium 31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from AT1 capital 4 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00	26f		0	
29 CET1 capital AT1 capital: instruments 30 Qualifying AT1 capital instruments plus any related share premium 31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from AT1 capital 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	27		0	
AT1 capital: instruments 30 Qualifying AT1 capital instruments plus any related share premium 31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from AT1 capital 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	28	Total regulatory deductions to CET1 capital	28,555	
30 Qualifying AT1 capital instruments plus any related share premium 31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from AT1 capital 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0	29	CET1 capital	351,317	
31 of which: classified as equity under applicable accounting standards 32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from ATI capital 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements		AT1 capital: instruments		
32 of which: classified as liabilities under applicable accounting standards 33 Capital instruments subject to phase out arrangements from ATI capital 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 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	0	
33 Capital instruments subject to phase out arrangements from ATI capital 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 00	31	of which: classified as equity under applicable accounting standards	0	
AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0	32	of which: classified as liabilities under applicable accounting standards	0	
of the consolidation group) 35 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements 0	33	Capital instruments subject to phase out arrangements from ATI capital	12,420	
	34		0	
	35	of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	0	
			12,420	



As at 30 June 2016

As at 50	AT1 capital: regulatory deductions	
37	Investments in own AT1 capital instruments	0
38	Reciprocal cross-holdings in AT1 capital instruments	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
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0
41	National specific regulatory adjustments applied to AT1 capital	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	12,420
45	Tier 1 capital (Tier 1 = CET1 + AT1)	363,737
	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	0
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	0
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 inclusion in Tier 2 capital	10,997
51	Tier 2 capital before regulatory deductions	10,997
	Tier 2 capital: regulatory deductions	
52	Investments in own Tier 2 capital instruments	0
53	Reciprocal cross-holdings in Tier 2 capital instruments	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
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0
56	National specific regulatory adjustments applied to Tier 2 capital	(12,850)
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	(12,850)
57	Total regulatory deductions to Tier 2 capital	(12,850)
58	Tier 2 capital	23,847
59	Total capital (Total capital = Tier 1 + Tier 2)	387,584
60	Total risk weighted assets	1,207,470
	Capital ratios (as a percentage of risk weighted assets)	
61	CET1 capital ratio	29.0953%
62	Tier 1 capital ratio	30.1239%
63	Total capital ratio	32.0989%
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	0.00%
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.3B of the BCR	0.00%



As at 30 June 2016

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	0		
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0		
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)	0		
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	0		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	0		
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	0		
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
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	0		
83	Amount excluded from ATI capital due to cap (excess over cap after redemptions and maturities)	0		
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	0		
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	0		



As at 30 June 2016

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:

0.	scription	Hong Kong basis	Basel III basis	
Oth	her intangible assets (net of associated deferred tax liability)	0		
As s in C trea amo repri exte	set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (DET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an atment of including MSRs as part of intangible assets reported in the Al's financial statements and to deduct MSRs in full ount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the resents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the am ent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from te estments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other npanies) under Basel III.	n AI is required to fo from CET1 capital. e column "Basel III tount of MSRs to be emporary differences	llow the accounting Therefore, the basis" in this box deducted to the sand significant	
Def	ferred tax assets net of deferred tax liabilities	0		
As real	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 profitability of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from 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 CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III.			
adjı fror	e amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amoun usted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of m temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and	the 10% threshold sgnificant investment	set for DTAs aris s in CET1 capita	
adju from inst	usted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of m temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, DTAs arising from the aggregate 15% threshold set for MSRs, D	the 10% threshold sgnificant investment	set for DTAs aris s in CET1 capita	
Insi scop Exp For to a sect the	usted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of m temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant capital investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected administration of the capital investments in CET1 capital instruments issued by financial sector entities that are outside the	Cthe 10% threshold significant investment ed companies) under the companies of the AI in the cap	set for DTAs aris s in CET1 capita r Basel III. es, an AI is requi pany is a financi ital instruments	



As at 30 June 2016

	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 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 the column "Basel III basis" in 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 of loans, facilities 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	0		
39	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of 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 available for the exemption from capital deduction of other insignificant capital investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported 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 the amount reported in row 39 (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 Al's connected 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 instruments for the purpose of 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 available for the exemption from capital deduction of other insignificant capital investments in Tier 2 capital instruments may be smaller. Therefore, the amount to be deducted as reported 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 the amount reported in row 54 (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.				
Remarks:					
The amo	The amount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the Banking (Capital) Rules.				

Abbreviations:

CET1: Common Equity Tier 1 AT1: Additional Tier 1



Regulatory Disclosure As at 31 December 2015

The breakdown of CET1 capital, Additional Tier 1 capital, Tier 2 capital and regulatory deductions for the company

Capital Disclosures Template

		HK\$ '000
	CET1 capital: instruments and reserves	T
	Directly issued qualifying CET1 capital instruments plus any related share premium	165,000
	Retained earnings	198,713
3	Disclosed reserves	7,000
4	Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	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	370,713
	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	Deferred tax assets net of deferred tax liabilities	0
11	Cash flow hedge reserve	0
12	Excess of total EL amount over total eligible provisions under the IRB approach	0
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
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	0
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0
17	Reciprocal cross-holdings in CET1 capital instruments	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
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
20	Mortgage servicing rights (amount above 10% threshold)	Not applicable
	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	Not applicable
	Amount exceeding the 15% threshold	
	-	Not applicable
	of which: significant investments in the common stock of financial sector entities	Not applicable
	of which: mortgage servicing rights	Not applicable
	of which: deferred tax assets arising from temporary differences	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	28,555
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	28,555
26b	Regulatory reserve for general banking risks	0
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
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution):	0
	canital base)	0
	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	
	Total regulatory deductions to CET1 capital	28,555 342,158
29	CET1 capital AT1 capital: instruments	3+2,138
30	Qualifying AT1 capital instruments plus any related share premium	0
	of which: classified as equity under applicable accounting standards	0
	of which: classified as liabilities under applicable accounting standards	0
	Capital instruments subject to phase out arrangements from AT1 capital	14,490
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital	14,490
25	of the consolidation group)	0
	of which: ATI capital instruments issued by subsidiaries subject to phase out arrangements	14 400
36	AT1 capital before regulatory deductions	14,490



As at 31 December 2015

As at 31	December 2015	
27	AT1 capital: regulatory deductions	
	Investments in own AT1 capital instruments	0
38	Reciprocal cross-holdings in AT1 capital instruments Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of	0
39	regulatory consolidation (amount above 10% threshold)	0
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0
	National specific regulatory adjustments applied to AT1 capital	0
	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0
	Total regulatory deductions to AT1 capital	0
44	AT1 capital	14,490
45	Tier 1 capital (Tier 1 = CET1 + AT1)	356,648
	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	0
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	0
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 inclusion in Tier 2 capital	10,997
51	Tier 2 capital before regulatory deductions	10,997
	Tier 2 capital: regulatory deductions	
52	Investments in own Tier 2 capital instruments	0
53	Reciprocal cross-holdings in Tier 2 capital instruments	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
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0
56	National specific regulatory adjustments applied to Tier 2 capital	(12,850)
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	(12,850)
57	Total regulatory deductions to Tier 2 capital	(12,850)
58	Tier 2 capital	23,847
59	Total capital (Total capital = Tier 1 + Tier 2)	380,495
60	Total risk weighted assets	1,216,791
	Capital ratios (as a percentage of risk weighted assets)	
61	CET1 capital ratio	28.1197%
62	Tier 1 capital ratio	29.3105%
63	Total capital ratio	31.2704%
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	0.00%
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.3B of the BCR	0.00%



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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	0		
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0		
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)	0		
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	0		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	0		
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	0		
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
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	0		
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	0		
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	0		
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	0		



As at 31 December 2015

Notes to the template:

ow No.	Description	Hong Kong basis	Basel III basis
	Other intangible assets (net of associated deferred tax liability)	0	
9	Explanation As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (N in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an treatment of including MSRs as part of intangible assets reported in the Al's financial statements and to deduct MSRs in full framount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from terinvestments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other companies) under Basel III.	AI is required to fo from CET1 capital. e column "Basel III ount of MSRs to be mporary differences	llow the accounting Therefore, the basis" in this box deducted to the stand significant
	Deferred tax assets net of deferred tax liabilities	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 frealized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrescapital. Therefore, the amount to be deducted as reported in row 10 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 10 (i.e. the amount adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and signistruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connecte	capital (and hence be spective of their origon reported under the the 10% threshold s gnificant investment	ee excluded from gin, from CET1 "Hong Kong basis set for DTAs arisin s in CET1 capital
	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	
	scope of regulatory consonuation (amount above 10 /6 threshold)	-	
18	Explanation For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by fir to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.	the connected comp of the AI in the cap	pany is a financia ital instruments o



As at 31 December 2015

	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 fina aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.	ne connected compares of the AI in the cap	ny is a financial pital instruments of	
	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 "Basel II basis" in 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 loans, facilities 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	0	
39	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of 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 thres available for the exemption from capital deduction of other insignificant capital investments in AT1 capital instruments may be smaller. Therefore, the amount deducted as reported 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 amount reported in row 39 (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.			
	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 purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will available for the exemption from capital deduction of other insignificant capital investments in Tier 2 capital instruments made deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate a exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.	mean the headroom by be smaller. There "Basel III basis" in	within the threshold fore, the amount to this box represents	

Remarks:

The amount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the Banking (Capital) Rules.

Abbreviations:

CET1: Common Equity Tier 1 AT1: Additional Tier 1