REGULATORY DISCLOSURES

The capital adequacy ratios and the leverage ratio for the Bank are calculated on a solo basis.

Template OV1: Overview of Risk-Weighted Assets (RWA)

The table below provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 31 March 2017 and 31 December 2016 respectively:

(a) (b) (c) RWA			(HK\$ '000)		
RWA			(a)	(b)	(c)
1 Credit risk for non-securitization exposures 1,166,051 1,165,644 145,757			RWA		capital
2 Of which STC approach 0 0 0 2a Of which BSC approach 1,166,051 1,165,644 145,757 3 Of which RB approach 0 0 0 4 Counterparty credit risk 1,224 845 153 5 Of which SA-CCR 0 0 0 0 5a Of which DEM 1,224 845 153 6 Of which IMMI(CCR) approach 0 0 0 0 7 Equity exposures in banking book under the market-based approach 0 0 0 0 8 CIS exposures – LTA 0 0 0 0 0 9 CIS exposures – RBA 0 0 0 0 0 10 CIS exposures – FBA 0 0 0 0 0 11 Settlement risk 0 0 0 0 0 0 12 Securitization exposures in banking book 0 0 0 <td></td> <td></td> <td>March 2017</td> <td>December 2016</td> <td>March 2017</td>			March 2017	December 2016	March 2017
2a Of which BSC approach 1,166,051 1,165,644 145,757 3 Of which IRB approach 0 0 0 4 Counterparty credit risk 1,224 845 153 5 Of which SA-CCR 0 0 0 5a Of which IBM (CCR) approach 0 0 0 6 Of which IBM (CCR) approach 0 0 0 7 Equity exposures in banking book under the market-based approach 0 0 0 8 CIS exposures – LTA 0 0 0 0 9 CIS exposures – MBA 0 0 0 0 10 CIS exposures – FBA 0 0 0 0 11 Settlement risk 0 0 0 0 0 12 Securitization exposures in banking book 0 0 0 0 0 12 Securitization exposures in banking book 0 0 0 0 0 0 <td>1</td> <td>Credit risk for non-securitization exposures</td> <td>1,166,051</td> <td>1,165,644</td> <td>145,757</td>	1	Credit risk for non-securitization exposures	1,166,051	1,165,644	145,757
3	2	Of which STC approach	0	0	0
4 Counterparty credit risk 1,224 845 153 5 Of which SA-CCR 0 0 0 6 Of which IMM(CCR) approach 0 0 0 7 Equity exposures in banking book under the market-based approach 0 0 0 8 CIS exposures – LTA 0 0 0 9 CIS exposures – MBA 0 0 0 10 CIS exposures – FBA 0 0 0 11 Settlement risk 0 0 0 12 Securitization exposures in banking book 0 0 0 12 Securitization exposures in banking book 0 0 0 13 Of which IRB(S) approach – ratings-based method 0 0 0 14 Of which IRB(S) approach – supervisory formula method 0 0 0 15 Of which IRB(S) approach – supervisory formula method 0 0 0 16 Market risk 15,150 13,963 1,894 <td>2a</td> <td>Of which BSC approach</td> <td>1,166,051</td> <td>1,165,644</td> <td>145,757</td>	2a	Of which BSC approach	1,166,051	1,165,644	145,757
5 Of which SA-CCR 0 0 0 5a Of which CEM 1,224 845 153 6 Of which IMM(CCR) approach 0 0 0 7 Equity exposures in banking book under the market-based approach 0 0 0 8 CIS exposures – LTA 0 0 0 9 CIS exposures – MBA 0 0 0 10 CIS exposures – FBA 0 0 0 11 Settlement risk 0 0 0 12 Securitization exposures in banking book 0 0 0 13 Of which IRB(S) approach – ratings-based method 0 0 0 13 Of which IRB(S) approach – supervisory formula method 0 0 0 14 Of which STC(S) approach – supervisory formula method 0 0 0 15 Of which STC(S) approach 0 0 0 17 Of which STM approach 15,150 13,963 1,894	3	Of which IRB approach	0	0	0
5a Of which CEM 1,224 845 153 6 Of which IMM(CCR) approach 0 0 0 7 Equity exposures in banking book under the market-based approach 0 0 0 8 CIS exposures – LTA 0 0 0 0 9 CIS exposures – MBA 0 0 0 0 10 CIS exposures – FBA 0 0 0 0 11 Settlement risk 0 0 0 0 12 Securitization exposures in banking book 0 0 0 0 12 Securitization exposures in banking book 0 0 0 0 12 Securitization exposures in banking book 0 0 0 0 12 Securitization exposures in banking book 0 0 0 0 13 Of which IRRB(S) approach – ratings-based method 0 0 0 0 14 Of which STC(S) approach – supervisory formula method 0	4	Counterparty credit risk	1,224	845	153
6 Of which IMM(CCR) approach 0 0 0 7 Equity exposures in banking book under the market-based approach 0 0 0 8 CIS exposures – LTA 0 0 0 9 CIS exposures – MBA 0 0 0 10 CIS exposures – FBA 0 0 0 11 Settlement risk 0 0 0 12 Securitization exposures in banking book 0 0 0 12 Securitization exposures in banking book 0 0 0 12 Securitization exposures in banking book 0 0 0 12 Securitization exposures in banking book 0 0 0 12 Securitization exposures in banking book 0 0 0 12 Securitization exposures in banking book 0 0 0 13 Of Which BIR(S) approach – ratings-based method 0 0 0 15 Of Which SIM(SE) approach – supervisory formula method 0 <td>5</td> <td>Of which SA-CCR</td> <td>0</td> <td>0</td> <td>0</td>	5	Of which SA-CCR	0	0	0
7 Equity exposures in banking book under the market-based approach 0 0 0 8 CIS exposures – LTA 0 0 0 9 CIS exposures – MBA 0 0 0 10 CIS exposures – FBA 0 0 0 11 Settlement risk 0 0 0 12 Securitization exposures in banking book 0 0 0 13 Of which IRB(S) approach – ratings-based method 0 0 0 14 Of which IRB(S) approach – supervisory formula method 0 0 0 15 Of which STC(S) approach 0 0 0 16 Market risk 15,150 13,963 1,894 17 Of which STM approach 15,150 13,963 1,894 18 Of which IMM approach 0 0 0 19 Operational risk 111,000 107,750 13,875 20 Of which BIA approach 111,000 107,750 13,875	5a	Of which CEM	1,224	845	153
approach	6	Of which IMM(CCR) approach	0	0	0
9 CIS exposures – MBA 0 0 0 10 CIS exposures – FBA 0 0 0 11 Settlement risk 0 0 0 12 Securitization exposures in banking book 0 0 0 13 Of which IRB(S) approach – ratings-based method 0 0 0 14 Of which IRB(S) approach – supervisory formula method 0 0 0 15 Of which STC(S) approach – supervisory formula method 0 0 0 16 Market risk 15,150 13,963 1,894 17 Of which STM approach 15,150 13,963 1,894 18 Of which IMM approach 0 0 0 19 Operational risk 111,000 107,750 13,875 20 Of which BIA approach 111,000 107,750 13,875 23 Amounts below the thresholds for deduction (subject to 250% RW) 0 0 0 0 24c Capital floor adjustment <td< td=""><td>7</td><td></td><td>0</td><td>0</td><td>0</td></td<>	7		0	0	0
10	8	CIS exposures – LTA	0	0	0
11 Settlement risk 0 0 0 12 Securitization exposures in banking book 0 0 0 13 Of which IRB(S) approach – ratings-based method 0 0 0 14 Of which IRB(S) approach – supervisory formula method 0 0 0 15 Of which STC(S) approach 0 0 0 16 Market risk 15,150 13,963 1,894 17 Of which STM approach 15,150 13,963 1,894 18 Of which IMM approach 0 0 0 19 Operational risk 111,000 107,750 13,875 20 Of which BIA approach 111,000 107,750 13,875 23 Amounts below the thresholds for deduction (subject to 250% RW) 0 0 0 0 24 Capital floor adjustment 0 0 0 0 24b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 0 0	9	CIS exposures – MBA	0	0	0
12 Securitization exposures in banking book	10	CIS exposures – FBA	0	0	0
13 Of which IRB(S) approach – ratings-based method 0 0 0 14 Of which IRB(S) approach – supervisory formula method 0 0 0 15 Of which STC(S) approach 0 0 0 16 Market risk 15,150 13,963 1,894 17 Of which STM approach 15,150 13,963 1,894 18 Of which IMM approach 0 0 0 0 19 Operational risk 111,000 107,750 13,875 20 Of which BIA approach 111,000 107,750 13,875 23 Amounts below the thresholds for deduction (subject to 250% RW) 0 0 0 0 24 Capital floor adjustment 0 0 0 0 0 24a Deduction to RWA 17,355 17,355 2,170 24b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 0 0 0 0 0 24c	11	Settlement risk	0	0	0
14 Of which IRB(S) approach – supervisory formula method 0 0 0 15 Of which STC(S) approach 0 0 0 16 Market risk 15,150 13,963 1,894 17 Of which STM approach 15,150 13,963 1,894 18 Of which IMM approach 0 0 0 0 19 Operational risk 111,000 107,750 13,875 20 Of which BIA approach 111,000 107,750 13,875 23 Amounts below the thresholds for deduction (subject to 250% RW) 0 0 0 0 24 Capital floor adjustment 0 0 0 0 0 24a Deduction to RWA 17,355 17,355 2,170 24b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 0 0 0 0 24c Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 17,355	12	Securitization exposures in banking book	0	0	0
15 Of which STC(S) approach 0 0 0 16 Market risk 15,150 13,963 1,894 17 Of which STM approach 15,150 13,963 1,894 18 Of which IMM approach 0 0 0 19 Operational risk 111,000 107,750 13,875 20 Of which BIA approach 111,000 107,750 13,875 23 Amounts below the thresholds for deduction (subject to 250% RW) 0 0 0 0 24 Capital floor adjustment 0 0 0 0 24a Deduction to RWA 17,355 17,355 2,170 24b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 0 0 0 0 24c Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 17,355 17,355 2,170	13	Of which IRB(S) approach – ratings-based method	0	0	0
16 Market risk 15,150 13,963 1,894 17 Of which STM approach 15,150 13,963 1,894 18 Of which IMM approach 0 0 0 19 Operational risk 111,000 107,750 13,875 20 Of which BIA approach 111,000 107,750 13,875 23 Amounts below the thresholds for deduction (subject to 250% RW) 0 0 0 0 24 Capital floor adjustment 0 0 0 0 24a Deduction to RWA 17,355 17,355 2,170 24b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 0 0 0 24c Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 17,355 17,355 2,170	14	Of which IRB(S) approach – supervisory formula method	0	0	0
17 Of which STM approach 18 Of which IMM approach 19 Operational risk 111,000 107,750 13,875 20 Of which BIA approach 111,000 107,750 13,875 23 Amounts below the thresholds for deduction (subject to 250% RW) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	15	Of which STC(S) approach	0	0	0
18 Of which IMM approach 19 Operational risk 20 Of which BIA approach 21 Amounts below the thresholds for deduction (subject to 250% RW) 22 Capital floor adjustment 23 Deduction to RWA 24 Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 24 Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 25 Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 26 Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 27 Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 28 Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	16	Market risk	15,150	13,963	1,894
19 Operational risk 111,000 107,750 13,875 20 Of which BIA approach 111,000 107,750 13,875 23 Amounts below the thresholds for deduction (subject to 250% RW) 0 0 0 0 24 Capital floor adjustment 0 0 0 0 24 Deduction to RWA 17,355 17,355 2,170 24b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 0 Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 17,355 17,355 2,170	17	Of which STM approach	15,150	13,963	1,894
20 Of which BIA approach 23 Amounts below the thresholds for deduction (subject to 250% RW) 24 Capital floor adjustment 25 Deduction to RWA 26 Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 27 Capital 28 Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 29 To which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 30 To	18	Of which IMM approach	0	0	0
Amounts below the thresholds for deduction (subject to 250% RW) 24 Capital floor adjustment 0 0 0 24 Deduction to RWA 17,355 17,355 2,170 24b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 0 0 0 24c Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 17,355 17,355 2,170	19	Operational risk	111,000	107,750	13,875
RW) 24 Capital floor adjustment 0 0 0 24 Deduction to RWA 17,355 17,355 2,170 24b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 0 0 0 24c Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 17,355 17,355 2,170	20	Of which BIA approach	111,000	107,750	13,875
24aDeduction to RWA17,35517,3552,17024bOf which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital00024cOf which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital17,35517,3552,170	23	•	0	0	0
24b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital 0 0 0 0 24c Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 17,355 17,355 2,170	24	Capital floor adjustment	0	0	0
risks and collective provisions which is not included in Tier 2 Capital 0 0 0 24c Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital 17,355 17,355 2,170	24a	Deduction to RWA	17,355	17,355	2,170
from the revaluation of land and buildings which is not included in Tier 2 Capital 17,355 17,355 2,170	24b	risks and collective provisions which is not included in Tier			
25 Total 1.276.070 1.270.847 159.509	24c	from the revaluation of land and buildings which is not	17,355	17,355	2,170
	25	Total	1,276,070	1,270,847	159,509

Key capital ratios disclosures

1. Capital Adequacy Ratio

	At 31 March 2017	At 31 December 2016
	HK\$ '000	HK\$ '000
Common Equity Tier 1 capital	368,084	361,181
Total Tier 1 capital	378,434	373,601
Total capital	403,631	398,798
Total risk weighted assets	1,276,070	1,270,847

	%	%
Common Equity Tier 1 capital ratio	28.85	28.42
Tier 1 capital ratio	29.66	29.40
Total capital ratio	31.63	31.38

2. Leverage ratio

	At 31 March 2017	At 31 December 2016
	HK\$ '000	HK\$ '000
Total Tier 1 capital	378,434	373,601
Exposure measure	1,761,793	1,743,062

	%	%
Leverage ratio	21.48	21.43