Regulatory Disclosures 30 June 2015





CONTENTS	PAGES
Capital disclosures	
- Regulatory capital	1
- Main features of issued capital instruments	9
Leverage ratio disclosures	11
Liquidity information disclosures	12



Regulatory capital

				1
		At	30 June 2015	
		Component of regulatory capital reported by bank HK\$'000	Amounts subject to pre-Basel III treatment* HK\$'000	Cross reference to regulatory scope consolidated balance sheet
	CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share	2 4 4 4 5 4 7		(4)
2	premium Patainad carriage	3,144,517 23,995,244		(4)
<u>~</u> 3	Retained earnings Disclosed reserves	23,995,244		(5)
3	Disclosed reserves	9,050,727		(7)+(8)+ (9)+(10)
4	Directly issued capital subject to phase out from CET1 capital (only applicable to			(9)+(10)
	non-joint stock companies)	Not applicable		
5	Public sector capital injections grandfathered until 1 January 2018 Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of	Not applicable		
	the consolidation group)	0		
6	CET1 capital before regulatory deductions	36,190,488		
_	CET1 capital: regulatory deductions			N
/	Valuation adjustments	9,484		Not applicable
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	74,615		(2)
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	738		(1)+(3)
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		
21	Deferred tax assets arising from temporary differences (amount above 10%	Natar-P11		
20	threshold, net of related tax liability)	Not applicable		
22	Amount exceeding the 15% threshold	Not applicable	4	
23 24	of which: significant investments in the common stock of financial sector entities	Not applicable		
24 25	of which: mortgage servicing rights of which: deferred tax assets arising from temporary differences	Not applicable Not applicable		
26 26	National specific regulatory adjustments applied to CET1 capital	8,330,591		
	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	6,063,196		(6)+(7)
26h	Regulatory reserve for general banking risks	2,267,395		(9)
	Securitization exposures specified in a notice given by the Monetary Authority	2,267,395		(9)
	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	_		
26.0	· ·	0		
	Capital shortfall of regulated non-bank subsidiaries Capital investment in a connected company which is a commercial entity (amount	0		
201	above 15% of the reporting institution's capital base)	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	8,415,428		
	CET1 capital	27,775,060		



Regulatory capital (continued)

Component of regulatory capital processors of regulatory scapital processors of regulatory scapital processors of regulatory scapital processors of regulatory scapital processors of the processor of regulatory scapital processors of the processor of the process			Λ+	30 June 2015	
30 Oualifying AT1 capital instruments plus any related share premium 0 1 of which: classified as equity under applicable accounting standards 0 0 0 0 0 0 0 0 0			Component of regulatory capital reported by bank	Amounts subject to pre-Basel III treatment*	reference to regulatory scope consolidated balance
31 of which: classified as lequity under applicable accounting standards					
September Sept					
33 Capital instruments subject to phase out arrangements from ATT capital ATT capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in ATT capital of the consolidation group) O of which: ATT capital instruments issued by subsidiaries subject to phase out arrangements O attraction of the provided instruments in a consolidation and instruments in own ATT capital instruments O attraction of a consolidation and instruments in a consolidation and instruments instruments in a consolidation and instruments in a consolidation approach in a consolidation approach and instruments in a consolidation and instruments instruments instruments instruments instruments insued by financial sector entities and instruments instruments insued by financial sector entities and instruments instruments in					
34 AT 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 36 AT1 capital before regulatory deductions 0 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 (amount above 10% threshold) 0 41 National specific regulatory adjustments applied to AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 0 41 Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 0 41 Significant capital investments applied to AT1 capital instruments on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 1 capital instruments in a connected to design a subject to deduction from Tier 1 capital instruments in a connected company which is a commercial approach of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation of which: Reciprocal cross holdings in CET1 capital instruments in a commercial antity (amount above 15% of the reporting institution's capital base) of which insignificant capital instruments in CET1 capital instruments in a commercial antity instruments and Tier 2 capital instruments in CET1 capital instruments and tree capital instruments in CET1 capital instru	_	1.1			
Intird parties (amount allowed in AT1 capital of the consolidation group) 5 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements AT1 capital before regulatory deductions AT1 capital instruments AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) AT1 capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation AT1 capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation AT1 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 O which: Excess of total EL amount over total eligible provisions under the IRB approach O which: Reciprocal cross holdings in CET1 capital instruments O which: Reciprocal cross holdings in CET1 capital instruments O which: Reciprocal cross holdings in CET1 capital instruments O which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institutions capital base) Of which: Reciprocal cross holdings in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments in CET1 capital instruments and reciprocal reputations of the scope of regulatory consolidation Of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments in CET1 capital instruments and the consolidation of which: Significant capital instruments and provisions AT1 capital (Tier 1 = CET1 + AT1) Tier 2 capital inst			0		
25 of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	34		0		
a rrangements 6 AT1 capital before regulatory deductions 7 Investments in own AT1 capital: regulatory deductions 8 Reciprocal cross-holdings in AT1 capital instruments 9 Insignificant capital investments in AT1 capital instruments susued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) 10 Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 11 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 rom Tier 1 capital 12 of which: Excess of total EL amount over total eligible provisions under the IRB approach 13 of which: Capital shortfall of regulated non-bank subsidiaries 14 of which: Capital shortfall of regulated non-bank subsidiaries 15 of which: Reciprocal cross holdings in CET1 capital instruments sissued by financial sector entities 16 of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 17 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 18 of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments in CET2 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 19 of which: Significant capital investments in CET2 capital instruments and Tier 2 capital instruments and	35		0		
AT1 capital before regulatory deductions AT1 capital: regulatory deductions AT1 capital: regulatory deductions 37 Investments in own AT1 capital instruments 38 Reciprocal cross-holdings in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) 40 Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 41 National specific regulatory adjustments applied to AT1 capital 42 Significant capital investments in AT1 capital instruments issued by financial 43 sector entities that are outside the scope of regulatory consolidation 44 Portion of deductions applied 50:50 to core capital and supplementary capital 45 based on pre-Basel II treatment which, during transitional period, remain 46 subject to deduction from Tier 1 capital 47 bapproach 48 if of which: Capital shortfall of regulated non-bank subsidiaries 49 of which: Capital shortfall of regulated non-bank subsidiaries 40 of which: Reciprocal cross holdings in CET1 capital instruments issued by 40 financial sector entities 40 of which: Capital investment in a connected company which is a commercial 41 entity (amount above 15% of the reporting institution's capital base) 42 of which: Significant capital investments in CET1 capital instruments, AT1 43 capital instruments and Tier 2 capital instruments issued by financial sector 44 entities 45 Tier 1 capital instruments in CET1 capital instruments, AT1 46 Tier 1 capital (et above of regulatory consolidation) 47 Capital instruments subject to phase out arrangements from Tier 2 capital 48 Tier 1 capital instruments subject to phase out arrangements from Tier 2 capital 49 of which: capital instruments subject to phase out arrangements 50 Collective impairment allowances and regulatory reserve for general banking 51 collective impairment allowances and regulatory reserve for general banking 52 collective impairment			0		
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 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 0 0 0 0 0 0 0	36		0		
Reciprocal cross-holdings in AT1 capital instruments 0 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 insufficiant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 0 insufficiant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 0 insufficiant insufficial i			_		
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	37		0		
sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) 40 Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 41 National specific regulatory adjustments applied to AT1 capital 50 Dortion 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 6 of which: Excess of total EL amount over total eligible provisions under the IRB approach 6 of which: Capital shortfall of regulated non-bank subsidiaries 7 of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities 8 of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital instruments and tier 2 capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital investments is sued by financial sector entities that are outside the scope of regulatory consolidation 8 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 9 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 9 of which: Significant capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 9 of which: Significant capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 9 of which: Capital instruments plus any related share premium 9 of which: Capital instruments plus any related share premium 10 of Capital instruments issued by consolidated bank subsidiar	38	Reciprocal cross-holdings in AT1 capital instruments	0		
above 10% threshold) 40 Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 41 National specific regulatory adjustments applied to AT1 capital 42 Portion of deductions applied 50:50 to core capital and supplementary capital 43 based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 1 capital 44 of which: Excess of total EL amount over total eligible provisions under the IRB approach 45 approach 46 approach 47 approach 48 Ter 2 capital instruments in CET1 capital instruments, aT1 capital instruments and Tier 2 capital instruments is sued by financial sector entities 48 approach 49 of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities 40 of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 40 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 41 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 42 Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions applied to AT1 capital 44 AT1 capital 55 Ter 1 capital (Tier 1 = CET1 + AT1) 56 Tier 2 capital instruments plus any related share premium 57 Capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) 58 Tier 2 capital instruments issued by subsidiaries subject to phase out arrangements 59 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 cap	39				
Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 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: Reciprocal cross holdings in CET1 capital instruments 0 v of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities 0 v of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities 0 vi of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments, Saturate and Tier 2 capital instruments, AT1 capital instruments and Tier 2 capital to cover deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions Tier 2 capital instruments and Tier 2 capital instruments and Tier 2 capital Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital (Tier 1 = CET1 + AT1) Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group to Tie					
sector entities that are outside the scope of regulatory consolidation 41 National specific regulatory adjustments applied to AT1 capital 42 Portion of deductions applied 50:50 to core capital and supplementary capital 43 based on pre-Basel III treatment which, during transitional period, remain 44 supplementary capital 54 supplementary capital 65 divinic Security and supplementary capital 66 supplementary capital 67 supplementary capital 68 supplementary capital 69 supplementary capital 60 supplementary capital 60 supplementary capital 60 supplementary capital 60 supplementary capital 61 supplementary capital 62 supplementary capital 63 supplementary capital 64 supplementary capital 65 supplementary capital 65 supplementary capital 66 supplementary capital 67 supplementary capital 68 supplementary capital instruments plus any related share premium 68 supplied for 1 service of supplied to AT1 capital instruments 69 supplied to AT2 capital instruments 70 supplementary capital 70 supplementary capital 71 supplementary capital 72 supplementary capital 73 supplementary capital 74 supplementary capital 75 supplementary capital supplementary capital supplementary capital 76 supplementary capi	10		0		
41 National specific regulatory adjustments applied to AT1 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 1 capital of which: Excess of total EL amount over total eligible provisions under the IRB approach i of which: Capital shortfall of regulated non-bank subsidiaries ii 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 of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments, Capital instruments, AT1 capital instruments and Tier 2 capital instruments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments in CET1 capital instruments, AT1 capital of which: Capital instruments in CET1 capital instruments, AT1 capital of total regulatory deductions to AT1 capital due to insufficient Tier 2 capital to cover deductions of total regulatory deductions to AT1 capital of total regulatory deductions of total regulatory deductions of total reg	40		0		
### 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 if of which: Excess of total EL amount over total eligible provisions under the IRB approach 0 if of which: Capital shortfall of regulated non-bank subsidiaries 0 if of which: Capital shortfall of regulated non-bank subsidiaries 0 if of which: Investments in own CET1 capital instruments 0 if of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities 0 if of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 0 if 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 if 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 if of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital due to insufficient Tier 2 capital to cover deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions applied to AT1 capital due to insufficient Tier 2 capital to 0 if of a AT1 capital (Tier 1 = CET1 + AT1) 0 if of a Capital instruments subject to phase out arrangements from Tier 2 capital 0 if of a capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) 0 if of of collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	41				
based on pre-Basel III freatment which, during transitional period, remain subject to deduction from Tier 1 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 ii of which: Investments in own CET1 capital instruments 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 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 of which: Significant capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation of which: Significant capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation of which: Capital instruments to AT1 capital of the cover deductions of the consolidation			Ü		
of which: Excess of total EL amount over total eligible provisions under the IRB approach i of which: Capital shortfall of regulated non-bank subsidiaries ii of which: Capital shortfall of regulated non-bank subsidiaries iii of which: Investments in own CET1 capital instruments of which: Investments in own CET1 capital instruments issued by financial sector entities v of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities entity (amount above 15% of the reporting institution's capital base) vi of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments, atsued 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 Q Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions Q Regulatory deductions to AT1 capital Q Tier 1 capital (Tier 1 = CET1 + AT1) Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital instruments and provisions 46 Qualifying Tier 2 capital instruments plus any related share premium Q Capital instruments subject to phase out arrangements from Tier 2 capital Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) Q of which: capital instruments issued by subsidiaries subject to phase out arrangements O Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital					
approach ii of which: Capital shortfall of regulated non-bank subsidiaries iii of which: Investments in own CET1 capital instruments iv of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities vof which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) 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 of which: Significant capital investments issued by financial sector entities that are outside the scope of regulatory consolidation Qualifying Tier 2 capital instruments and provisions If ire 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital instruments and provisions Qualifying Tier 2 capital instruments plus any related share premium Qualifying Tier 2 capital instruments plus any related share premium Qualifying Tier 2 capital instruments from Tier 2 capital Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) of which: capital instruments issued by subsidiaries subject to phase out arrangements Qualifying Tier 2 capital instruments issued by subsidiaries subject to phase out arrangements Qualifying Tier 2 capital of the consolidation group) Qualifying Tier 2 capital of the consolidat			0		
ii of which: Capital shortfall of regulated non-bank subsidiaries iii of which: Investments in own CET1 capital instruments v of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities v of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) vi of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation vii of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 0 Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions 0 Total regulatory deductions to AT1 capital due to insufficient Tier 2 capital to cover deductions 0 Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital: instruments and provisions 46 Qualifying Tier 2 capital instruments plus any related share premium 0 Tier 2 capital instruments subject to phase out arrangements from Tier 2 capital 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 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 inclusion in Tier 2 capital	i				
iii of which: Investments in own CET1 capital instruments iv of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities v of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) vi of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation vii of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 42 Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions 43 Total regulatory deductions to AT1 capital 44 AT1 capital 50 Tier 1 capital (Tier 1 = CET1 + AT1) 77775,060 Tier 2 capital: instruments and provisions 46 Qualifying Tier 2 capital instruments plus any related share premium 50 Qualifying Tier 2 capital instruments plus any related share premium 60 Qualifying Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) 60 of which: capital instruments issued by subsidiaries subject to phase out arrangements 70 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	<u>. </u>				
iv of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities v of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) vi of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation vii of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation 42 Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions 43 Total regulatory deductions to AT1 capital 44 AT1 capital 55 Tier 1 capital (Tier 1 = CET1 + AT1) 57,775,060 Tier 2 capital instruments plus any related share premium 60 Capital instruments subject to phase out arrangements from Tier 2 capital 61 Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) 62 Of which: capital instruments issued by subsidiaries subject to phase out arrangements 63 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 7	II 				
financial sector entities v of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) vi of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation vii of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation Q Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions 42 Regulatory deductions to AT1 capital due to insufficient Tier 2 capital to cover deductions 43 Total regulatory deductions to AT1 capital 44 AT1 capital 55 Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital instruments and provisions 46 Qualifying Tier 2 capital instruments plus any related share premium 47 Capital instruments subject to phase out arrangements from Tier 2 capital 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) 49 of which: capital instruments issued by subsidiaries subject to phase out arrangements Societive impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital Not applicable			0		
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 42 Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions Otal Total regulatory deductions to AT1 capital 4 AT1 capital Otal Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital (Tier 1 = CET1 + AT1) Capital instruments plus any related share premium Otal Capital instruments subject to phase out arrangements from Tier 2 capital Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) of which: capital instruments issued by subsidiaries subject to phase out arrangements Ocollective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 1,241,686		financial sector entities	0		
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 Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions Total regulatory deductions to AT1 capital AT1 capital Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital instruments and provisions Gualifying Tier 2 capital instruments plus any related share premium Capital instruments subject to phase out arrangements from Tier 2 capital Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) of which: capital instruments issued by subsidiaries subject to phase out arrangements Ocollective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 1,241,686	٧	entity (amount above 15% of the reporting institution's capital base)	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 42 Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 50 Instruments signed by financial sector entities 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 60 Capital instruments insued by consolidated bank insurance out applicable	vi	capital instruments and Tier 2 capital instruments issued by financial sector	0		
42 Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions 43 Total regulatory deductions to AT1 capital 44 AT1 capital 55 Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital: instruments and provisions 46 Qualifying Tier 2 capital instruments plus any related share premium 47 Capital instruments subject to phase out arrangements from Tier 2 capital 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) 49 of which: capital instruments issued by subsidiaries subject to phase out arrangements 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 1,241,686	vii	of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities	0		
43 Total regulatory deductions to AT1 capital 44 AT1 capital 45 Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital: instruments and provisions 46 Qualifying Tier 2 capital instruments plus any related share premium 47 Capital instruments subject to phase out arrangements from Tier 2 capital 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) 49 of which: capital instruments issued by subsidiaries subject to phase out arrangements 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 1,241,686	42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to			
44 AT1 capital 45 Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital: instruments and provisions 46 Qualifying Tier 2 capital instruments plus any related share premium 47 Capital instruments subject to phase out arrangements from Tier 2 capital 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) 49 of which: capital instruments issued by subsidiaries subject to phase out arrangements 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 1,241,686	43		_		
45 Tier 1 capital (Tier 1 = CET1 + AT1) Tier 2 capital: instruments and provisions 46 Qualifying Tier 2 capital instruments plus any related share premium 47 Capital instruments subject to phase out arrangements from Tier 2 capital 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) 49 of which: capital instruments issued by subsidiaries subject to phase out arrangements 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 1,241,686					
Tier 2 capital: instruments and provisions 46 Qualifying Tier 2 capital instruments plus any related share premium 47 Capital instruments subject to phase out arrangements from Tier 2 capital 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) 49 of which: capital instruments issued by subsidiaries subject to phase out arrangements 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 51 Tier 2 capital 52 Collective impairment allowances and regulatory reserve for general banking applicable					
46 Qualifying Tier 2 capital instruments plus any related share premium 47 Capital instruments subject to phase out arrangements from Tier 2 capital 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) 49 of which: capital instruments issued by subsidiaries subject to phase out arrangements 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 51 Tier 2 capital 52 Collective impairment allowances and regulatory reserve for general banking applicable	Ť				
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 1,241,686	46	•	0		
Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) 49 of which: capital instruments issued by subsidiaries subject to phase out arrangements 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 1,241,686					
arrangements 0 50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital Not applicable		Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)			
50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital 1,241,686 Not applicable	49		0		
	50	Collective impairment allowances and regulatory reserve for general banking	1,241,686		
	51	Tier 2 capital before regulatory deductions			



Regulatory capital (continued)

		At 30 June 2015		
		Component of regulatory capital reported by bank	Amounts subject to pre-Basel III treatment* HK\$'000	Cross reference to regulatory scope consolidated balance sheet
	Tier 2 capital: regulatory deductions			
_	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	(2,728,438)		
	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	(2,728,438)		[(6)+(7)] *45%
	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	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		
	of which: Investments in own CET1 capital instruments	0		
	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 15% of the reporting institution's capital base)	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 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		
57	Total regulatory deductions to Tier 2 capital	(2,728,438)		
	Tier 2 capital	3,970,124		
	Total capital (Total capital = Tier 1 + Tier 2)	31,745,184		



Regulatory capital (continued)

		At 30 Jur	ie 2015
		Component of regulatory capital reported by bank HK\$'000	Amounts subject to pre-Basel III treatment* HK\$'000
59a	Deduction items under Basel III which during transitional period remain subject to risk-weighting,	1114 000	1114 000
	based on pre-Basel III treatment	0	
i	of which: Mortgage servicing rights	0	
<u>ii</u>	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	
iv	of which: Capital investment in a connected company which is a commercial entity	0	
v	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	
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	197,148,343	
	Capital ratios (as a percentage of risk weighted assets)		
61	CET1 capital ratio	14.09%	
62	Tier 1 capital ratio	14.09%	
63	Total capital ratio	16.10%	
64	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)	4.50%	
65	of which: capital conservation buffer requirement	0	
66	of which: bank specific countercyclical buffer requirement	0	
67	of which: G-SIB or D-SIB buffer requirement	0	
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 National minima (if different from Basel 3 minimum)	8.10%	
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	3,406	
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	88,932	
74	Mortgage servicing rights (net of related tax liability)	Not applicable	
75	Deferred tax assets arising from temporary differences (net of related tax liability) Applicable caps on the inclusion of provisions in Tier 2 capital	Not applicable	
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)	307,520	
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	219,412	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	2,199,886	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach Capital instruments subject to phase-out arrangements	1,022,274	
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	

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



Regulatory capital (continued)

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
		HK\$'000	HK\$'000
9	Other intangible assets (net of associated deferred tax liability)	0	0

Explanation

As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSRs) may be given limited 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 follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis")adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.

10	Deferred tax assets net of deferred tax liabilities	74,615	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 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.

The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.

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)

Explanation

For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.

Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the Al's connected companies which were subject to deduction under the Hong Kong approach.

Regulatory capital (continued)

Row No.	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
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
	Explanation For the purpose of determining the total amount of significant capital investments in CET1 financial sector entities, an AI is required to aggregate any amount of loans, facilities or other to any of its connected companies, where the connected company is a financial sector entity other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI ir financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary AI made, any such facility was granted, or any such other credit exposure was incurred, in the business. Therefore, the amount to be deducted as reported in row 19 may be greater than that require reported under the column "Basel III basis" in this box represents the amount reported in row under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities	credit exposures y, as if such loan the capital insult uthority that any he ordinary could d under Basel II w 19 (i.e. the an	s provided by it ins, facilities or truments of the such loan was true of the Al's II. The amount nount reported
39	the Al's connected companies which were subject to deduction under the Hong Kong approach Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	h. 0	
	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which CET1 capital instruments for the purpose of considering deductions to be made in calculating row 18 to the template above) will mean the headroom within the threshold available for deduction of other insignificant capital investments in AT1 capital instruments may be smaller deducted as reported in row 39 may be greater than that required under Basel III. The amount "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the which were subject to deduction under the Hong Kong approach.	are financial segon the capital base or the exemption r. Therefore, the under the "Hon-	ctor entities as e (see note re n from capital amount to be der the column g Kong basis")

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

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 Al's connected companies which were subject to deduction under the Hong Kong approach.

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 capital (continued)

Reconciliation of regulatory scope consolidated balance sheet to capital components

	At 30 June 2015		
	Balance sheet		Cross
	as in	Under	reference
	published	regulatory	to definition
	financial	scope of	of capital
	statements	consolidation	components
	HK\$'000	HK\$'000	
ASSETS			
Cash and balances with banks and other financial institutions	48,764,069	48,764,069	
Placements with banks and other financial institutions maturing between			
one and twelve months	16,313,208	16,313,208	
Financial assets at fair value through profit or loss	6,312,715	6,312,715	
Derivative financial instruments	542,483	542,483	
- of which: debit valuation adjustments in respect of derivative contracts		108	(1)
Advances and other accounts	176,922,216	176,922,216	, ,
Investment in securities	55,554,443	55,554,443	
Interests in subsidiaries	-	6,100	
Investment properties	398,534	398,534	
Properties, plant and equipment	7,105,291	7,105,291	
Current tax assets	650	650	
Deferred tax assets	74,615	74,615	(2)
Other assets	6,032,590	6,032,156	,
	318,020,814	318,026,480	
	010,020,011	0.0,020,100	
LIADILITIES			
LIABILITIES Deposits and balances from banks and other financial institutions	35,278,123	35,278,123	
Financial liabilities at fair value through profit or loss	4,692,862	4,692,862	
Derivative financial instruments	462,939	462,939	
- of which: debit valuation adjustments in respect of derivative contracts	10=,000	630	(3)
Deposits from customers	223,094,471	223,115,979	(0)
Other accounts and provisions	17,056,422	17,056,185	
Current tax liabilities	281,535	281,535	
Deferred tax liabilities	956,923	948,369	
Total liabilities	281,823,275	281,835,992	



Regulatory capital (continued)

Reconciliation of regulatory scope consolidated balance sheet to capital components (continued)

	A	At 30 June 2015	
	Balance sheet		Cross
	as in	Under	reference
	published	regulatory	to definition
	financial	scope of	of capital
	statements	consolidation	components
	HK\$'000	HK\$'000	
EQUITY			
Share capital	3,144,517	3,144,517	(4)
Reserves	33,053,022	33,045,971	
- Retained earnings	23,948,735	23,995,244	(5)
- of which: cumulative fair value gains arising from the revaluation of			()
investment properties		376,057	(6)
- Premises revaluation reserve	5,740,699	5,687,139	(7)
- Reserve for fair value changes of available-for-sale securities	362,336	362,336	(8)
- Regulatory reserve	2,267,395	2,267,395	(9)
- Translation reserve	733,857	733,857	(10)
Total equity	36,197,539	36,190,488	
Total liabilities and equity	318,020,814	318,026,480	



Main features of issued capital instruments

		CET1 Capital Ordinary shares
1	Issuer	Nanyang Commercial Bank, Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable
3	Governing law(s) of the instrument	Hong Kong law
	Regulatory treatment	
4	Transitional Basel III rules#	Not Applicable
5	Post-transitional Basel III rules ⁺	Common Equity Tier 1
6	Eligible at solo*/group/group & solo	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD3,145 million
9	Par value of instrument	No par value (refer to Note 1 for details)
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1 July 1948 (refer to Note 2 for details)
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Not Applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable



Main features of issued capital instruments (continued)

		CET1 Capital Ordinary shares
35	Position in subordination hierarchy in liquidation (specify	Not Applicable
	instrument type immediately senior to instrument)	
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not Applicable

Footnote:

- Note 1: Pursuant to the Hong Kong Companies Ordinance (Chapter 622) which has commenced operation on 3 March 2014, all shares issued by a company incorporated in Hong Kong before, on and after that commencement date shall have no par value and the relevant concept of authorised share capital is abolished, the balance of the share premium account as at 3 March 2014 has been transferred to share capital.
- Note 2: Several issuances of ordinary shares have been made since the first issuance in 1948. The last issuance was in 2009.

^{**} Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

^{*} Regulatory treatment of capital instruments not subject to transitional arrangements provided for in

Schedule 4H of the Banking (Capital) Rules

Include solo-consolidated



Leverage ratio disclosures

Leverage ratio

		At 30 June 2015	
		HK\$'000	
	On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	318,011,377	
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(8,414,797)	
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	309,596,580	
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	534,911	
5	Add-on amounts for PFE associated with all derivatives transactions	395,587	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0	
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	0	
8	Less: Exempted CCP leg of client-cleared trade exposures	0	
9	Adjusted effective notional amount of written credit derivatives	0	
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives	0	
11	Total derivative exposures	930,498	
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	478,742	
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	0	
14	CCR exposure for SFT assets	0	
15	Agent transaction exposures	0	
16	Total securities financing transaction exposures	478,742	
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	123,816,999	
18	Less: Adjustments for conversion to credit equivalent amounts	(75,249,445)	
19	Off-balance sheet items	48,567,554	
	Capital and total exposures		
20	Tier 1 capital	27,775,060	
21	Total exposures	359,573,374	
Leverage ratio			
22	Basel III leverage ratio	7.72%	

Summary comparison table

		At 30 June 2015
		HK\$'000
1	Total consolidated assets as per published financial statements	318,020,814
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	5,666
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	388,015
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	48,567,554
7	Other adjustments	(7,408,675)
8	Leverage ratio exposure	359,573,374



Liquidity information disclosures

Liquidity coverage ratio

Related components set out in this table Basis of disclosure: consolidated A. HIGH QUALITY LIQUID ASSETS 1 Total high quality liquid assets (HQLA) B. CASH OUTFLOWS 2 Retail deposits and small business funding, of which: 3 Stable retail deposits and stable small business funding 4 Less stable retail deposits and stable small business funding 5 Retail term deposits and small business term funding 6 Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: 7 Operational deposits 8 Unsecured wholesale funding (other than small business funding) not covered in Row 7 9 Debt securities and prescribed instruments issued by the institution and redeemable within the Loperiod 10 Secured funding transactions (including securities swap transactions) 11 Additional requirements, of which: 12 Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements 13 Cash outflows arising from boligations under structured financing transactions and repayment funding obtained from such transactions 14 Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) 15 Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow of the contractual ending obligations (whether contractual or non-contractual) 17 TOTAL CASH OUTFLOWS C. CASH INFLOWS 18 Secured lending transactions (including securities swap transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows 10 Other cash inflows 11 TOTAL CASH OUTFLOWS D. LiQUIDITY COVERAGE RATIO	Num	ber of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and			
A. HIGH QUALITY LIQUID ASSETS 1 Total high quality liquid assets (HQLA) B. CASH OUTFLOWS 2 Retail deposits and small business funding, of which: 3 Stable retail deposits and stable small business funding 4 Less stable retail deposits and less stable small business funding 5 Retail term deposits and small business term funding 6 Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: 7 Operational deposits 8 Unsecured wholesale funding (other than small business funding) not covered in Row 7 9 Debt securities and prescribed instruments issued by the institution and redeemable within the LC period 10 Secured funding transactions (including securities swap transactions) 11 Additional requirements, of which: 12 Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements 13 Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions 14 Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) 15 Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow 16 Other contingent funding obligations (whether contractual or non-contractual) 17 TOTAL CASH OUTFLOWS C. CASH INFLOWS D. LiQUIDITY COVERAGE RATIO 20 TOTAL HQLA					
A. HIGH QUALITY LIQUID ASSETS 1 Total high quality liquid assets (HQLA) B. CASH OUTFLOWS 2 Retail deposits and small business funding, of which: 3 Stable retail deposits and stable small business funding 4 Less stable retail deposits and less stable small business funding 5 Retail term deposits and small business term funding 6 Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: 7 Operational deposits 8 Unsecured wholesale funding (other than small business funding) not covered in Row 7 9 Debt securities and prescribed instruments issued by the institution and redeemable within the LC period 10 Secured funding transactions (including securities swap transactions) 11 Additional requirements, of which: 12 Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements 13 Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions 14 Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) 15 Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow 16 Other contingent funding obligations (whether contractual or non-contractual) 17 TOTAL CASH OUTFLOWS C. CASH INFLOWS D. LiQUIDITY COVERAGE RATIO 20 TOTAL HQLA	Racis of disclosure: consolidated				
Total high quality liquid assets (HQLA) B. CASH OUTFLOWS Retail deposits and small business funding, of which: Stable retail deposits and stable small business funding Less stable retail deposits and less stable small business funding Retail term deposits and small business term funding Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the LO period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS D. LIQUIDITY COVERAGE RATIO TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO	Daoi	o or dissillation. Softwared			
Total high quality liquid assets (HQLA) B. CASH OUTFLOWS Retail deposits and small business funding, of which: Stable retail deposits and stable small business funding Less stable retail deposits and less stable small business funding Retail term deposits and small business term funding Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the LO period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS D. LIQUIDITY COVERAGE RATIO TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO					
Total high quality liquid assets (HQLA) B. CASH OUTFLOWS Retail deposits and small business funding, of which: Stable retail deposits and stable small business funding Less stable retail deposits and less stable small business funding Retail term deposits and small business term funding Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the LO period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS D. LIQUIDITY COVERAGE RATIO TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO					
B. CASH OUTFLOWS Retail deposits and small business funding, of which: Stable retail deposits and stable small business funding Less stable retail deposits and stable small business funding Retail term deposits and small business term funding Nescured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the LO period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS D. LIQUIDITY COVERAGE RATIO TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO	Α.	HIGH QUALITY LIQUID ASSETS			
B. CASH OUTFLOWS Retail deposits and small business funding, of which: Stable retail deposits and stable small business funding Less stable retail deposits and stable small business funding Retail term deposits and small business term funding Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the LO period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS CASH INFLOWS D. LIQUIDITY COVERAGE RATIO TOTAL HQLA		Total high quality liquid assets (HQLA)			
Stable retail deposits and stable small business funding Less stable retail deposits and less stable small business funding Retail term deposits and small business term funding Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the LC period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions D. LIQUIDITY COVERAGE RATIO TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO	В.				
Stable retail deposits and stable small business funding Less stable retail deposits and less stable small business funding Retail term deposits and small business term funding Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the LC period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions D. LIQUIDITY COVERAGE RATIO TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO	2	Retail deposits and small business funding, of which:			
Retail term deposits and small business term funding Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the Loperiod Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity needersing from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured lending transactions (including securities swap transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS LIQUIDITY COVERAGE RATIO	3				
Unsecured wholesale funding (other than small business funding) and debt securities and prescrib instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the LO period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured lending transactions (including securities swap transactions) Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO	4	Less stable retail deposits and less stable small business funding			
instruments issued by the institution, of which: Operational deposits Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the LG period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity nee arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured lending transactions (including securities swap transactions) Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS LIQUIDITY COVERAGE RATIO TOTAL HQLA	5	Retail term deposits and small business term funding			
Unsecured wholesale funding (other than small business funding) not covered in Row 7 Debt securities and prescribed instruments issued by the institution and redeemable within the Loperiod Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity needexisting from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured lending transactions (including securities swap transactions) Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS LIQUIDITY COVERAGE RATIO TOTAL HQLA	6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:			
Debt securities and prescribed instruments issued by the institution and redeemable within the Loperiod Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity needers arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities accommitted liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured lending transactions (including securities swap transactions) Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS LIQUIDITY COVERAGE RATIO TOTAL HQLA	7	Operational deposits			
period Secured funding transactions (including securities swap transactions) Additional requirements, of which: Cash outflows arising from derivative contracts and other transactions, and additional liquidity need arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured lending transactions (including securities swap transactions) Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS LIQUIDITY COVERAGE RATIO TOTAL HQLA	8				
11 Additional requirements, of which: 12 Cash outflows arising from derivative contracts and other transactions, and additional liquidity need arising from related collaterals requirements 13 Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions 14 Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) 15 Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow 16 Other contingent funding obligations (whether contractual or non-contractual) 17 TOTAL CASH OUTFLOWS 18 Secured lending transactions (including securities swap transactions) 19 Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions 20 Other cash inflows 21 TOTAL CASH INFLOWS 22 TOTAL HQLA	9	· · · · · · · · · · · · · · · · · · ·			
Cash outflows arising from derivative contracts and other transactions, and additional liquidity need arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured lending transactions (including securities swap transactions) Secured lending transactions (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS LIQUIDITY COVERAGE RATIO TOTAL HQLA	10	Secured funding transactions (including securities swap transactions)			
arising from related collaterals requirements Cash outflows arising from obligations under structured financing transactions and repayment funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured lending transactions (including securities swap transactions) Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS LIQUIDITY COVERAGE RATIO					
funding obtained from such transactions Potential drawdown of undrawn committed facilities (including committed credit facilities a committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS Secured lending transactions (including securities swap transactions) Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO	12	arising from related collaterals requirements			
committed liquidity facilities) Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflow Other contingent funding obligations (whether contractual or non-contractual) TOTAL CASH OUTFLOWS C. CASH INFLOWS 8 Secured lending transactions (including securities swap transactions) Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO	13	funding obtained from such transactions			
16 Other contingent funding obligations (whether contractual or non-contractual) 17 TOTAL CASH OUTFLOWS C. CASH INFLOWS 18 Secured lending transactions (including securities swap transactions) 19 Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions 20 Other cash inflows 21 TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO 22 TOTAL HQLA	14	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)			
TOTAL CASH OUTFLOWS C. CASH INFLOWS 18 Secured lending transactions (including securities swap transactions) 19 Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions 20 Other cash inflows 21 TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO 22 TOTAL HQLA	15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows			
C. CASH INFLOWS 18 Secured lending transactions (including securities swap transactions) 19 Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions 20 Other cash inflows 21 TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO 22 TOTAL HQLA	16	Other contingent funding obligations (whether contractual or non-contractual)			
18 Secured lending transactions (including securities swap transactions) 19 Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions 20 Other cash inflows 21 TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO 22 TOTAL HQLA	17	TOTAL CASH OUTFLOWS			
19 Secured and unsecured loans (other than secured lending transactions covered in Row 18) a operational deposits placed at other financial institutions 20 Other cash inflows 21 TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO 22 TOTAL HQLA	C.	CASH INFLOWS			
operational deposits placed at other financial institutions Other cash inflows TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO TOTAL HQLA	18				
21 TOTAL CASH INFLOWS D. LIQUIDITY COVERAGE RATIO 22 TOTAL HQLA	19	Secured and unsecured loans (other than secured lending transactions covered in Row 18) and operational deposits placed at other financial institutions			
D. LIQUIDITY COVERAGE RATIO 22 TOTAL HQLA	20	Other cash inflows			
22 TOTAL HQLA	21	TOTAL CASH INFLOWS			
	D.				
OR TABLE MET CARL CUETIONS	22	TOTAL HQLA			
	23	TOTAL NET CASH OUTFLOWS			
24 LCR (%)	24	LCR (%)			

For the quarter		
ended 31 March 2015:		
73 data	points	
UNWEIGHTED	WEIGHTED	
AMOUNT	AMOUNT	
(Average Value)	(Average Value)	
HK\$'000	HK\$'000	
	37,147,019	
106,654,853	7,950,161	
25,454,625	1,272,731	
35,801,204	3,580,120	
45,399,024	3,097,310	
-,,-	-, ,	
79,530,131	48,545,660	
4,719,313	1,020,094	
74,810,818	47,525,566	
_	_	
0	0	
40.047.400	0	
12,247,169	2,159,003	
622,315	622,315	
022,010	022,010	
0	0	
11,624,854	1,536,688	
1,458,110	1,458,110	
99,034,444	2,637,411	
	62,750,345	
0.500.010	0.505.510	
2,598,613	2,505,712	
40,222,332	27,742,799	
5,671,703	1,787,411	
48,492,648	32,035,922	
10,102,040	ADJUSTED VALUE	
	37,147,019	
	30,714,423	
	123.70%	
	123.70/0	

For the quarter			
	ended 30 June 2015:		
71 data			
UNWEIGHTED	WEIGHTED		
AMOUNT	AMOUNT		
(Average Value)	(Average Value)		
HK\$'000	HK\$'000		
	T		
	36,851,316		
	T		
107,381,623	7,975,859		
24,884,132	1,244,207		
37,509,051	3,750,905		
44,988,440	2,980,747		
70 570 005	40 FFF 660		
70,570,235	42,555,662		
5,090,923	1,113,292		
65,479,312	41,442,370		
0	0		
	0		
10,288,076	4,399,996		
3,581,080	3,581,080		
0	0		
Ü			
6,706,996	818,916		
1,479,940	1,479,940		
106,868,363	3,337,275		
	59,748,732		
2,485,438	2,485,438		
44 004 004	20 057 447		
44,231,834	28,957,447		
9,213,400	5,365,073		
55,930,672	36,807,958		
	ADJUSTED VALUE		
	36,851,316 22,940,774		
	163.68%		



Liquidity information disclosures

Liquidity coverage ratio (continued)

Notes:

- The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.
- The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.
- The weighted amounts of cash inflows and cash outflows are to be calculated as
 the amounts after applying the inflow and outflow rates as required under the
 Banking (Liquidity) Rules.
- The adjusted value of total HQLA and the total net cash outflows after taking into account any applicable ceiling as required under the Banking (Liquidity) Rules.

In the first half of 2015, there was no material change in the LCR. The first quarter average LCR was 123.70% and the second quarter average LCR was 163.68%. The average HKD level 1 HQLA to HKD net cash outflow ratio in the first half of 2015 was 322.07%, well above the regulatory requirement of 20%. The ratios have maintained at stable and healthy levels.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or

multilateral development banks and non-financial corporate debt securities. In the first half of 2015, the majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposit which are the Group's primary source of funds, together with deposit and balance from bank and other financial institution. To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, were minimal to the LCR.