

**Part II: Capital Base**

| Item                                                      | Nature of item                                                                                                                                                                                                   | Column 1<br>HK\$'000 | Column 2<br>HK\$'000 |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Category I - Common Equity Tier 1 ("CET1") Capital</b> |                                                                                                                                                                                                                  |                      |                      |
| (a)                                                       | CET1 capital instruments                                                                                                                                                                                         |                      |                      |
| (b)                                                       | Share premium arising from item (a)                                                                                                                                                                              |                      |                      |
| (c)                                                       | Retained earnings                                                                                                                                                                                                |                      |                      |
| (i)                                                       | of which: unaudited profit or loss of the current financial year and profit or loss of the immediately preceding financial year pending audit completion                                                         |                      |                      |
| (d)                                                       | Disclosed reserves                                                                                                                                                                                               |                      |                      |
| (i)                                                       | of which: fair value through other comprehensive income - financial assets                                                                                                                                       |                      |                      |
| (e)                                                       | Minority interests arising from CET1 capital instruments issued by the consolidated bank subsidiaries and held by third parties                                                                                  |                      |                      |
| <b>CET1 CAPITAL BEFORE DEDUCTIONS (A)</b>                 |                                                                                                                                                                                                                  |                      |                      |
| (f)                                                       | Deduct:                                                                                                                                                                                                          |                      |                      |
| (i)                                                       | Cumulative cash flow hedge reserves that relate to the hedging of financial instruments that are not fair valued on the balance sheet                                                                            |                      |                      |
| (ii)                                                      | Cumulative fair value gains or losses on liabilities of the institution that are fair-valued and result from changes in the own credit risk (excluding any debt valuation adjustments referred to in item (xii)) |                      |                      |
| (iii)                                                     | Cumulative fair value gains arising from the revaluation of land and buildings (covering both own-use and investment properties)                                                                                 |                      |                      |
| (iv)                                                      | Regulatory reserve for general banking risks                                                                                                                                                                     |                      |                      |
| (v)                                                       | Goodwill (net of related deferred tax liability)                                                                                                                                                                 |                      |                      |
| (vi)                                                      | Other intangible assets (net of related deferred tax liability)                                                                                                                                                  |                      |                      |
| (1)                                                       | of which: Mortgage servicing rights                                                                                                                                                                              |                      |                      |
| (vii)                                                     | Defined benefit pension fund assets (net of related deferred tax liability)                                                                                                                                      |                      |                      |
| (viii)                                                    | Deferred tax assets in excess of deferred tax liabilities                                                                                                                                                        |                      |                      |
| (ix)                                                      | Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions                                                                       |                      |                      |
| (x)                                                       | Securitization exposures specified in a notice given by the MA                                                                                                                                                   |                      |                      |
| (xi)                                                      | Valuation adjustments                                                                                                                                                                                            |                      |                      |
| (xii)                                                     | Debit valuation adjustments in respect of derivative contracts                                                                                                                                                   |                      |                      |
| (xiii)                                                    | Excess of total EL amount over total eligible provisions under the IRB Approach                                                                                                                                  |                      |                      |
| (xiv)                                                     | Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings                                                                                                           |                      |                      |
| (xv)                                                      | Capital shortfall of regulated non-bank subsidiaries                                                                                                                                                             |                      |                      |
| (xvi)                                                     | Investments in own CET1 capital instruments                                                                                                                                                                      |                      |                      |
| (xvii)                                                    | Reciprocal cross holdings in CET1 capital instruments issued by any financial sector entities                                                                                                                    |                      |                      |

| Item                                                                 | Nature of item                                                                                                                                                                             | Column 1<br>HK\$'000 | Column 2<br>HK\$'000 |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| (xviii)                                                              | Capital investment in a connected company which is a commercial entity (amount of the net book value of such investment in excess of 15% of the institution's capital base)                |                      |                      |
| (1)                                                                  | of which: any amount of loans, facilities or other credit exposures that is required by section 46(1) of BCR to be aggregated with item (f)(xviii)                                         |                      |                      |
| (xix)                                                                | Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are <u>not</u> subject to consolidation under a section 3C requirement              |                      |                      |
| (1)                                                                  | of which: any amount of loans, facilities or other credit exposures that is required by section 46(2) of BCR to be aggregated with item (f)(xix)                                           |                      |                      |
| (xx)                                                                 | Significant capital investments in CET1 capital instruments issued by financial sector entities that are <u>not</u> subject to consolidation under a section 3C requirement                |                      |                      |
| (1)                                                                  | of which: any amount of loans, facilities or other credit exposures that is required by section 46(2) of BCR to be aggregated with item (f)(xx)                                            |                      |                      |
| <b>For completion of return on a solo / solo-consolidated basis:</b> |                                                                                                                                                                                            |                      |                      |
| (xxi)                                                                | Direct holdings of CET1 capital instruments issued by financial sector entities that are members of the institution's consolidation group                                                  |                      |                      |
| (1)                                                                  | of which: any loans, facilities or other credit exposures that is required by section 46(2) of BCR to be aggregated with item (f)(xxi)                                                     |                      |                      |
| (xxii)                                                               | Regulatory deductions applied to CET1 capital due to insufficient Additional Tier 1 capital to cover the required deductions                                                               |                      |                      |
| <b>CET1 CAPITAL AFTER DEDUCTIONS (B)</b>                             |                                                                                                                                                                                            |                      |                      |
| <b>Category II - Additional Tier 1 capital</b>                       |                                                                                                                                                                                            |                      |                      |
| (g)                                                                  | Additional Tier 1 capital instruments issued and share premium, if any                                                                                                                     |                      |                      |
| (i)                                                                  | of which: amount that is subject to phase out                                                                                                                                              |                      |                      |
| (h)                                                                  | Applicable amount of capital instruments issued by the consolidated bank subsidiaries and held by third parties                                                                            |                      |                      |
| <b>ADDITIONAL TIER 1 CAPITAL BEFORE DEDUCTIONS (C)</b>               |                                                                                                                                                                                            |                      |                      |
| (i)                                                                  | Deduct:                                                                                                                                                                                    |                      |                      |
| (i)                                                                  | Investments in own Additional Tier 1 capital instruments                                                                                                                                   |                      |                      |
| (ii)                                                                 | Reciprocal cross holdings in Additional Tier 1 capital instruments issued by financial sector entities                                                                                     |                      |                      |
| (iii)                                                                | Insignificant capital investments in Additional Tier 1 capital instruments issued by financial sector entities that are <u>not</u> subject to consolidation under a section 3C requirement |                      |                      |
| (iv)                                                                 | Significant capital investments in Additional Tier 1 capital instruments issued by financial sector entities that are <u>not</u> subject to consolidation under a section 3C requirement   |                      |                      |
| <b>For completion of return on a solo / solo-consolidated basis:</b> |                                                                                                                                                                                            |                      |                      |
| (v)                                                                  | Direct holdings of Additional Tier 1 capital instruments issued by financial sector entities that are members of the institution's consolidation group                                     |                      |                      |
| (vi)                                                                 | Regulatory deductions applied to Additional Tier 1 capital due to insufficient Tier 2 capital to cover the required deductions                                                             |                      |                      |
| <b>ADDITIONAL TIER 1 CAPITAL AFTER DEDUCTIONS (D)</b>                |                                                                                                                                                                                            |                      |                      |
| <b>TIER 1 CAPITAL AFTER DEDUCTIONS (B) + (D) = (E)</b>               |                                                                                                                                                                                            |                      |                      |

| Item                                                                 | Nature of item                                                                                                                                                                                 | Column 1<br>HK\$'000 | Column 2<br>HK\$'000 |
|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Category III - Tier 2 capital</b>                                 |                                                                                                                                                                                                |                      |                      |
| (j)                                                                  | Tier 2 capital instruments issued and share premium, if any                                                                                                                                    |                      |                      |
| (i)                                                                  | of which: amount that is subject to phase out                                                                                                                                                  |                      |                      |
| (k)                                                                  | Applicable amount of capital instruments issued by the consolidated bank subsidiaries and held by third parties                                                                                |                      |                      |
| (l)                                                                  | Reserves attributable to fair value gains on revaluation of holdings of land and buildings                                                                                                     |                      |                      |
| (m)                                                                  | Regulatory reserve for general banking risks<br>(For the portion apportioned to BSC approach or STC approach, and SEC-ERBA, SEC-SA and SEC-FBA)                                                |                      |                      |
| (n)                                                                  | Collective provisions<br>(For the portion apportioned to BSC approach or STC approach, and SEC-ERBA, SEC-SA and SEC-FBA)                                                                       |                      |                      |
| (o)                                                                  | Total of (m) & (n) included in Tier 2 Capital<br>(Limited to 1.25% of risk-weighted amount for credit risk calculated by using BSC approach or STC approach, and SEC-ERBA, SEC-SA and SEC-FBA) |                      |                      |
| (p)                                                                  | Surplus provisions for exposures calculated by using IRB approach                                                                                                                              |                      |                      |
| (q)                                                                  | Regulatory reserve for general banking risks and collective provisions apportioned to SEC-IRBA<br>(Limited to 0.6% of risk-weighted amount for credit risk calculated by using SEC-IRBA)       |                      |                      |
| <b>TIER 2 CAPITAL BEFORE DEDUCTIONS (F)</b>                          |                                                                                                                                                                                                |                      |                      |
| (r)                                                                  | Deduct:                                                                                                                                                                                        |                      |                      |
| (i)                                                                  | Investments in own Tier 2 capital instruments                                                                                                                                                  |                      |                      |
| (ii)                                                                 | Reciprocal cross holdings in Tier 2 capital instruments issued by financial sector entities                                                                                                    |                      |                      |
| (iii)                                                                | Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are <u>not</u> subject to consolidation under a section 3C requirement                |                      |                      |
| (iv)                                                                 | Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are <u>not</u> subject to consolidation under a section 3C requirement                  |                      |                      |
| <b>For completion of return on a solo / solo-consolidated basis:</b> |                                                                                                                                                                                                |                      |                      |
| (v)                                                                  | Direct holdings of Tier 2 capital instruments issued by financial sector entities that are members of the institution's consolidation group                                                    |                      |                      |
| <b>TIER 2 CAPITAL AFTER DEDUCTIONS (G)</b>                           |                                                                                                                                                                                                |                      |                      |
| <b>CAPITAL BASE (E) + (G) = (H)</b>                                  |                                                                                                                                                                                                |                      |                      |