

Part II: Capital Base

Item	Nature of item	Column 1 HK\$'000	Column 2 HK\$'000
Category I - Common Equity Tier 1 ("CET1") Capital			
(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		
CET1 CAPITAL BEFORE DEDUCTIONS (A)			
(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 HK\$'000	Column 2 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)		
For completion of return on a solo / solo-consolidated basis:			
(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		
CET1 CAPITAL AFTER DEDUCTIONS (B)			
Category II - Additional Tier 1 capital			
(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		
ADDITIONAL TIER 1 CAPITAL BEFORE DEDUCTIONS (C)			
(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		
For completion of return on a solo / solo-consolidated basis:			
(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		
ADDITIONAL TIER 1 CAPITAL AFTER DEDUCTIONS (D)			
TIER 1 CAPITAL AFTER DEDUCTIONS (B) + (D) = (E)			

Item	Nature of item	Column 1 HK\$'000	Column 2 HK\$'000
Category III - Tier 2 capital			
(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 (For the portion apportioned to BSC approach or STC approach, and SEC-ERBA, SEC-SA and SEC-FBA)		
(n)	Collective provisions (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 (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 (Limited to 0.6% of risk-weighted amount for credit risk calculated by using SEC-IRBA)		
TIER 2 CAPITAL BEFORE DEDUCTIONS (F)			
(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		
For completion of return on a solo / solo-consolidated basis:			
(v)	Direct holdings of Tier 2 capital instruments issued by financial sector entities that are members of the institution's consolidation group		
TIER 2 CAPITAL AFTER DEDUCTIONS (G)			
CAPITAL BASE (E) + (G) = (H)			