

# INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED 中國工商銀行(亞洲)有限公司

(於香港註冊成立之有限公司)

STANDARD TEMPLATES FOR DISCLOSURES IN RELATION TO REGULATORY CAPITAL

30 JUNE 2018

# **Transition Disclosures Template**

Amounts subject to pre-Basel III treatment\*

1 Directly issued qualifying CET1 capital instruments plus any related share premium 36,379,331 2 Retained earnings 46,413,493 3 Disclosed reserves 2,590,015 4 Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies) Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group) 6 CET1 capital before regulatory deductions 7 Valuation adjustments 3,212 8 Goodwill (net of associated deferred tax liability) 980,154 9 Other intangible assets (net of associated deferred tax liabilities 751,062 11 Cash flow hedge reserve 188,058 12 Excess of total EL amount over total eligible provisions under the IRB approach 0 13 Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 apital arising from securitization transactions 0 14 Gains and losses due to changes in own credit risk on fair valued liabilities 0 15 Defined benefit pension fund net assets (net of associated deferred tax liabilities 0 16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet) 1 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)	CET4 conitals instruments and receives				
1 Directly issued qualifying CET1 capital instruments plus any related share premium  36,379,331  2 Retained earnings  46,413,493  3 Disclosed reserves  2,590,015  4 Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)  Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)  6 CET1 capital before regulatory deductions  7 Valuation adjustments  8 Goodwill (net of associated deferred tax liability)  9 Other intangible assets (net of associated deferred tax liability)  10 Deferred tax assets net of deferred tax liabilities  75 Loads  11 Cash flow hedge reserve  12 Excess of total EL amount over total eligible provisions under the IRB approach  13 Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital regulating from securitization transactions  14 Gains and losses due to changes in own credit risk on fair valued liabilities  15 Deferred bealance sheet)  16 Investments in own CET1 capital instruments (if not already netted off paid-in-capital anising from securitization transactions  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)  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)  Not applicable  Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable	CET1 capital: instruments and reserves				
2 Retained earnings 46,413,493 3 Disclosed reserves 2,590,015 4 Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)  Minority interests arising from CET1 capital instruments issued by consolidated bank subsidianes and held by third parties (amount allowed in CET1 capital of the consolidation group)  6 CET1 capital before regulatory deductions 85,382,839  CET1 capital: regulatory deductions 7 Valuation adjustments 3,212 9 Other intangible assets (net of associated deferred tax liability) 980,154 9 Other intangible assets (net of associated deferred tax liability) 19,814 10 Deferred tax assets net of deferred tax liabilities 751,062 11 Cash flow hedge reserve 188,058 12 Excess of total EL amount over total eligible provisions under the IRB approach 0 13 Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 0 capital arising from securitization transactions 14 Gains and losses due to changes in own credit risk on fair valued liabilities 0 15 Defined benefit pension fund net assets (net of associated deferred tax liabilities) 0 16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet) 1 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) Not applicable 10 Deferred tax assets arising from temporary differences (amount above 10% threshold) Not applicable 21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)			HV2.000		
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7 Valuation adjustments 3,212 8 Goodwill (net of associated deferred tax liability) 980,154 9 Other intangible assets (net of associated deferred tax liability) 19,814 10 Deferred tax assets net of deferred tax liabilities 751,062 11 Cash flow hedge reserve 188,058 12 Excess of total EL amount over total eligible provisions under the IRB approach 0 13 Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 agintal arising from securitization transactions 0 14 Gains and losses due to changes in own credit risk on fair valued liabilities 0 15 Defined benefit pension fund net assets (net of associated deferred tax liabilities) 0 16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet) 0 17 Reciprocal cross-holdings in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) 0 18 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 19 Omortgage servicing rights (amount above 10% threshold) Not applicable 10 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) Not applicable 20 Amount exceeding the 15% threshold	6	CET1 capital before regulatory deductions	85,382,839		
8 Goodwill (net of associated deferred tax liability) 9 Other intangible assets (net of associated deferred tax liability) 10 Deferred tax assets net of deferred tax liabilities 751,062 11 Cash flow hedge reserve 12 Excess of total EL amount over total eligible provisions under the IRB approach 13 Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 2 capital arising from securitization transactions 14 Gains and losses due to changes in own credit risk on fair valued liabilities 15 Defined benefit pension fund net assets (net of associated deferred tax liabilities) 16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet) 17 Reciprocal cross-holdings in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) 18 Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) 19 Mortgage servicing rights (amount above 10% threshold) 20 Mortgage servicing rights (amount above 10% threshold) 21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) 22 Amount exceeding the 15% threshold		CET1 capital: regulatory deductions			
9 Other intangible assets (net of associated deferred tax liability)  19,814  10 Deferred tax assets net of deferred tax liabilities  751,062  11 Cash flow hedge reserve  188,058  12 Excess of total EL amount over total eligible provisions under the IRB approach  0 Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1  acapital arising from securitization transactions  13 Gains and losses due to changes in own credit risk on fair valued liabilities  15 Defined benefit pension fund net assets (net of associated deferred tax liabilities)  16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)  17 Reciprocal cross-holdings in CET1 capital instruments  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)  19 Signifficant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable	7	Valuation adjustments	3,212		
10 Deferred tax assets net of deferred tax liabilities  751,062  11 Cash flow hedge reserve  188,058  12 Excess of total EL amount over total eligible provisions under the IRB approach  0 Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1  capital arising from securitization transactions  14 Gains and losses due to changes in own credit risk on fair valued liabilities  0 Defined benefit pension fund net assets (net of associated deferred tax liabilities)  15 Defined benefit pension fund net assets (net of associated deferred tax liabilities)  16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)  17 Reciprocal cross-holdings in CET1 capital instruments  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)  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)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable	8	Goodwill (net of associated deferred tax liability)	980,154		
11 Cash flow hedge reserve  12 Excess of total EL amount over total eligible provisions under the IRB approach  13 Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1  14 Capital arising from securitization transactions  15 Defined benefit pension fund net assets (net of associated deferred tax liabilities)  16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)  17 Reciprocal cross-holdings in CET1 capital instruments  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)  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)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable	9	Other intangible assets (net of associated deferred tax liability)	19,814	0	
12 Excess of total EL amount over total eligible provisions under the IRB approach  13 Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1  20 capital arising from securitization transactions  14 Gains and losses due to changes in own credit risk on fair valued liabilities  20 Defined benefit pension fund net assets (net of associated deferred tax liabilities)  31 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)  42 Reciprocal cross-holdings in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)  43 Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)  44 Gains and losses due to changes in own credit risk on fair valued liabilities  45 Deferred tax investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)  46 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  47 Petered tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  48 Not applicable in the CET1 capital instruments in the CET1 capital instruments is suited by threshold, net of related tax liability)  49 Petered tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	10	Deferred tax assets net of deferred tax liabilities	751,062		
Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions  14 Gains and losses due to changes in own credit risk on fair valued liabilities  15 Defined benefit pension fund net assets (net of associated deferred tax liabilities)  16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)  17 Reciprocal cross-holdings in CET1 capital instruments  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)  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)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable	11	Cash flow hedge reserve	188,058		
capital arising from securitization transactions  14 Gains and losses due to changes in own credit risk on fair valued liabilities  15 Defined benefit pension fund net assets (net of associated deferred tax liabilities)  16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)  17 Reciprocal cross-holdings in CET1 capital instruments  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)  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)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable	12	Excess of total EL amount over total eligible provisions under the IRB approach	0	0	
Defined benefit pension fund net assets (net of associated deferred tax liabilities)  16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)  17 Reciprocal cross-holdings in CET1 capital instruments  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)  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)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable	13		0		
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reported balance sheet)  17 Reciprocal cross-holdings in CET1 capital instruments  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)  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)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable	15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	0	0	
Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)  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)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable  Not applicable	16		0	0	
entities that are outside the scope of regulatory consolidation (amount above 10% threshold)  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)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable  Not applicable	17	Reciprocal cross-holdings in CET1 capital instruments	0	0	
that are outside the scope of regulatory consolidation (amount above 10% threshold)  20 Mortgage servicing rights (amount above 10% threshold)  Not applicable  Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable  Amount exceeding the 15% threshold  Not applicable	18	, , , , , , , , , , , , , , , , , , , ,	0	0	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  Not applicable  Amount exceeding the 15% threshold  Not applicable	19		0	0	
related tax liability)  Not applicable  Not applicable  Not applicable	20	Mortgage servicing rights (amount above 10% threshold)	Not applicable		
	21		Not applicable		
23 of which: significant investments in the common stock of financial sector entities  Not applicable	22	Amount exceeding the 15% threshold	Not applicable		
	23	of which: significant investments in the common stock of financial sector entities	Not applicable		
24 of which: mortgage servicing rights  Not applicable	24	of which: mortgage servicing rights	Not applicable		

	of which: deferred tax assets arising from temporary differences	Not applicable	
26	National specific regulatory adjustments applied to CET1 capital	3,255,889	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	560,831	
26b	Regulatory reserve for general banking risks	2,694,795	
26c	Securitization exposures specified in a notice given by the Monetary Authority	0	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	263	
26e	Capital shortfall of regulated non-bank subsidiaries	0	0
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	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	5,198,189	
29	CET1 capital	80,184,650	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	27,734,986	
31	of which: classified as equity under applicable accounting standards	27,734,986	
32	of which: classified as liabilities under applicable accounting standards	0	
33	Capital instruments subject to phase out arrangements from AT1 capital	0	
34	AT1 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	27,734,986	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	0	0
38	Reciprocal cross-holdings in AT1 capital instruments	0	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
			Ĭ
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	    
		0	0
	that are outside the scope of regulatory consolidation		    
41	that are outside the scope of regulatory consolidation  National specific regulatory adjustments applied to AT1 capital  Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover	0	    
41 42 43	that are outside the scope of regulatory consolidation  National specific regulatory adjustments applied to AT1 capital  Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0	    
41 42 43 44	that are outside the scope of regulatory consolidation  National specific regulatory adjustments applied to AT1 capital  Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions  Total regulatory deductions to AT1 capital	0 0	   
41 42 43 44	that are outside the scope of regulatory consolidation  National specific regulatory adjustments applied to AT1 capital  Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions  Total regulatory deductions to AT1 capital  AT1 capital	0 0 0 27,734,986	    
41 42 43 44 45	that are outside the scope of regulatory consolidation  National specific regulatory adjustments applied to AT1 capital  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)	0 0 0 27,734,986	   
41 42 43 44 45	that are outside the scope of regulatory consolidation  National specific regulatory adjustments applied to AT1 capital  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  Qualifying Tier 2 capital instruments plus any related share premium	0 0 0 27,734,986 107,919,636	    
41 42 43 44 45	that are outside the scope of regulatory consolidation  National specific regulatory adjustments applied to AT1 capital  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  Qualifying Tier 2 capital instruments plus any related share premium	0 0 0 27,734,986 107,919,636 7,829,562	   
41 42 43 44 45 46 47 48	that are outside the scope of regulatory consolidation  National specific regulatory adjustments applied to AT1 capital  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  Qualifying 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	0 0 27,734,986 107,919,636 7,829,562 1,561,369	    
41 42 43 44 45 46 47 48	that are outside the scope of regulatory consolidation  National specific regulatory adjustments applied to AT1 capital  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  Qualifying 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)	0 0 27,734,986 107,919,636 7,829,562 1,561,369 0	    

Tier 2 capital: regulatory deductions				
52	Investments in own Tier 2 capital instruments	0	0	
53	Reciprocal cross-holdings in Tier 2 capital instruments	0	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	0	
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	0	
56	National specific regulatory adjustments applied to Tier 2 capital	(252,374)		
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(252,374)		
57	Total regulatory deductions to Tier 2 capital	(252,374)		
58	Tier 2 capital	15,362,764		
59	Total capital (Total capital = Tier 1 + Tier 2)	123,282,400		
60	Total risk weighted assets	673,325,490		
	Capital ratios (as a percentage of risk weighted assets)			
61	CET1 capital ratio	11.91%		
62	Tier 1 capital ratio	16.03%		
63	Total capital ratio	18.31%		
64	Institution specific buffer requirement (captial conservation buffer plus countercyclical captial beffer plus higher loss absorbency requirements)	7.45%		
65	of which: capital conservation buffer requirement	1.88%		
66	of which: bank specific countercyclical buffer requirement	1.08%		
67	of which: higher loss absorbency buffer requirement	0.00%		
68	CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3A, or s.3B, as the case requires, of the BCR	6.28%		
	National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable		
70	National Tier 1 minimum ratio	Not applicable		
71	National Total capital minimum ratio	Not applicable		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	129,506		

73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	610,688
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital	
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	5,719,459
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA	7,713,309
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	Not applicable
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	Not applicable
	Capital instruments subject to phase-out arrangements	
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	1,561,369
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	2,359,695

<sup>\*</sup> This refers to the position under the Banking (Capital) Rules in force on 31 December 2012.

## 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:

	entients where a more conservative definition has been applied in the BCK relative to that set out in baser in capital standards.					
Row No.	Description	Hong Kong basis	Basel III basis			
	Other intangible assets (net of associated deferred tax liability)	19,814	19,814			
Explanation  As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rig (MSRs) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of int assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adj reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the agg 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruits issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected comparence.						
	Deferred tax assets net of deferred tax liabilities	751,062	0			
Explanation  As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that future profitability of the bank to be realized are to be deducted, whereas DTAs which relate to temporary difference given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specific threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. 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 reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to ter differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and significant investments in CET1 capital in issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected under Basel III.						
	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	0			
18	Explanation  For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector entities, an Al 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 Al in the capital instruments of the financial sector entity, except where the Al 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 Al'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.					

	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	C
19	Explanation  For the purpose of determining the total amount of significant capital investments in CET1 cap sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exp connected companies, where the connected company is a financial sector entity, as if such loa exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital in entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any facility was granted, or any such other credit exposure was incurred, in the ordinary course of	oosures provided ans, facilities or c nstruments of the such loan was r	by it to any of its other credit e financial sector nade, any such
	Therefore, the amount to be deducted as reported in row 19 may be greater than that required reported under the column "Basel III basis" in this box represents the amount reported in row the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other connected companies which were subject to deduction under the Hong Kong approach.	19 (i.e. the amou	int reported under
	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	C
39	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 18 to the template above) will mean the headroom within the threshold available for the exem insignificant capital investments in AT1 capital instruments may be smaller. Therefore, the arrow 39 may be greater than that required under Basel III. The amount reported under the columerersents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong bas aggregate amount of loans, facilities or other credit exposures to the AI's connected companied under the Hong Kong approach.	the capital base ption from capita nount to be deduumn "Basel III basis") adjusted by	(see note re row I deduction of othe cted as reported in sis" in this box excluding the
	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	C
54	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 18 to the template above) will mean the headroom within the threshold available for the exem insignificant capital investments in Tier 2 capital instruments may be smaller. Therefore, the air row 54 may be greater than that required under Basel III. The amount reported under the crepresents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong bas aggregate amount of loans, facilities or other credit exposures to the Al's connected companies."	the capital base ption from capita imount to be decolumn "Basel III sis") adjusted by	(see note re row I deduction of othe lucted as reported basis" in this box excluding the

#### Remarks:

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

## Abbreviations:

CET1: Common Equity Tier 1 AT1: Additional Tier 1

under the Hong Kong approach.

# **Balance Sheet Reconciliation (Step 1)**

balance sheet Reconcination (step 1)	Balance sheet as in published financial statements 06/30/18 HK\$'000	Under regulatory scope of consolidation 06/30/18 HK\$'000
Assets		
Cash and balances with banks and other financial institutions	201,114,579	206,825,001
Placements with banks and other financial institutions	81,937,409	81,937,409
Financial assets held for trading	2,034,410	2,034,410
Financial assets designated at fair value through profit or loss	2,489,529	2,489,529
Derivative financial instruments	13,638,805	13,638,805
Advances and other accounts	485,742,014	485,742,014
Financial investments:	175,061,138	174,242,782
- available-for-sale	107.796.161	106,916,823
measured at fair value through other comprehensive income  held to measure;	107,786,161	67 225 050
<ul> <li>held-to-maturity</li> <li>measured at amortised cost</li> </ul>	- 67,274,977	67,325,959
	431,805	219,170
Investment in an associate Investment in subsidiaries	451,805	1,313,393
Goodwill and other intangible assets	1,021,427	980,154
Investment properties	117,407	117,407
Property, plant and equipment	898,855	914,335
Current income tax asset	-	, i, i, i
Deferred income tax assets	751,062	751,062
Other assets	9,964,348	4,026,866
Total assets	975,202,788	975,232,337
Liabilities		
Deposits from banks and other financial institutions	216,585,982	216,585,982
Derivative financial instruments	6,444,932	6,444,932
Deposits from customers	523,343,736	524,506,272
Certificates of deposit issued at amortised cost	72,291,099	72,291,099
Debt securities in issue	13,256,593	13,256,593
- Designated at fair value through profit or loss	5,990,903	5,990,903
- At amortised cost	7,265,690	7,265,690
Current income tax liabilities	797,490	797,490
Deferred income tax liabilities	-	-
Subordinated debts measured at amortised cost	11,750,626	11,750,626
Other liabilities	16,299,868	16,580,796
Total liabilities	860,770,326	862,213,790
Equity		
Share capital and other statutory capital reserves	36,379,331	36,379,331
Retained earnings	47,756,335	46,413,493
Other reserves	2,661,089	2,590,016
Total equity attributable to owners of the parent	86,796,755	85,382,840
Additional equity instruments	27,635,707	27,635,707
Total equity	114,432,462	113,018,547
Total equity and liabilities	975,202,788	975,232,337

#### **Balance Sheet Reconciliation (Step 2)**

Balance Sheet Reconciliation (Step 2)	Balance sheet as in published financial statements 06/30/18 HK\$'000	Under regulatory scope of consolidation 06/30/18 HK\$*000	Cross reference to Definition of Capital Components
Assets Cash and balances with banks and other financial institutions Placements with banks and other financial institutions Financial assets held for trading	201,114,579 81,937,409 2,034,410	206,825,001 81,937,409 2,034,410	
Financial assets designated at fair value through profit or loss Derivative financial instruments	2,489,529 13,638,805 485,742,014	2,489,529 13,638,805 485,742,014	
Advances and other accounts of which: collective impairment allowances reflected in regulated capital	405,742,014	(3,024,664)	(5)
Financial investments:	175,061,138	174,242,782	
<ul> <li>available-for-sale</li> <li>measured at fair value through other comprehensive income</li> <li>held-to-maturity</li> </ul>	107,786,161	106,916,823 - 67,325,959	
- measured at amortised cost	67,274,977	-	
Investment in an associate Investment in subsidiaries	431,805	219,170 1,313,393	
Goodwill and other intangible assets of which: goodwill	1,021,427	980,154 980,154	(1)
other intangible asset		19,814	(2)
Investment properties	117,407	117,407	
of which: cumulative revaluation gain on investment properties	000.055	43,243	(16)
Property, plant and equipment Current income tax asset	898,855	914,335	
Deferred income tax assets	751,062	751,062	(3)
Other assets	9,964,348	4,026,866	
Total assets	975,202,788	975,232,337	
Liabilities			
Deposits from banks and other financial institutions	216,585,982	216,585,982	
Derivative financial instruments  of which: debit valuation adjustments in respect of derivative contracts	6,444,932	6,444,932 3,212	(15)
Deposits from customers	523,343,736	524,506,272	(12)
Certificates of deposit issued at amortised cost Debt securities in issue	72,291,099 13,256,593	72,291,099 13,256,593	
- Designated at fair value through profit or loss	5,990,903	5,990,903	
- At amortised cost	7,265,690	7,265,690	
of which: gains due to changes in own credit risk on fair valued liabilities		-	(18)
Current income tax liabilities Deferred income tax liabilities	797,490	797,490	
Subordinated debts measured at amortised cost	11,750,626	11,750,626	
of which: subordinate debts not eligible for inclusion in regulatory capital subordinate debt eligible for inclusion in regulatory capital		1,561,369 7,829,562	(6) (7)
Other liabilities	16,299,868	16,580,796	(-)
Total liabilities	860,770,326	862,213,790	
Equity			
Share capital Retained earnings	36,379,331 47,756,335	36,379,331 46,413,493	(8) (9)
of which: regulatory reserve for general banking risks	47,730,333	2,694,795	(17)
Other Reserves	2,661,089	2,590,016	
of which:		51 < 202	(40)
bank premises revaluation reserve investment revaluation reserve		516,302 (1,738,774)	(10) (11)
cash flow hedge reserve		188,058	(12)
exchange reserve		32,603	(13)
general reserve	27,635,707	3,591,827 27,635,707	(14)
Additional equity instruments  Total equity	114,432,462	113,018,547	
Total equity and liabilities	975,202,788	975,232,337	
• •			

	Transition Disclosures Template		Amounts subject to pre-Basel III treatment*	Cross- referenced* to
	CET1 capital: instruments and reserves			
		HK\$'000		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	36,379,331		(8)
2	Retained earnings	46,413,493		(9)
3	Disclosed reserves	2,590,015		(10) + (11) + (12) + (13) + (14)
4	Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	Not applicable		
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	0		
6	CET1 capital before regulatory deductions	85,382,839		
	CET1 capital: regulatory deductions			
7	Valuation adjustments	3,212		(15)
8	Goodwill (net of associated deferred tax liability)	980,154		(1)
9	Other intangible assets (net of associated deferred tax liability)	19,814	0	(2)
10	Deferred tax assets net of deferred tax liabilities	751,062		(3)
11	Cash flow hedge reserve	188,058		(12)
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	0	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	0		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	0	(18)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	0	0	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	0	
17	Reciprocal cross-holdings in CET1 capital instruments	0	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	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	0	
20	Mortgage servicing rights (amount above 10% threshold)	Not applicable	   	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	Not applicable		
22	Amount exceeding the 15% threshold	Not applicable		
23	of which: significant investments in the common stock of financial sector entities	Not applicable		
24	of which: mortgage servicing rights	Not applicable		
25	of which: deferred tax assets arising from temporary differences	Not applicable		_
26	National specific regulatory adjustments applied to CET1 capital	3,255,889		_

			1	ı
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	560,831		(19) = (10) + (16)
26b	Regulatory reserve for general banking risks	2,694,795		(17)
26c	Securitization exposures specified in a notice given by the Monetary Authority	0		
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	263		
26e	Capital shortfall of regulated non-bank subsidiaries	0	0	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	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	5,198,189		
29	CET1 capital	80,184,650		
	AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	27,734,986		
31	of which: classified as equity under applicable accounting standards	27,734,986		
32	of which: classified as liabilities under applicable accounting standards	0		
33	Capital instruments subject to phase out arrangements from AT1 capital	0		
34	AT1 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	27,734,986		
	AT1 capital: regulatory deductions	, . ,		
37	Investments in own AT1 capital instruments	0	0	
	Reciprocal cross-holdings in AT1 capital instruments	0	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	
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	0	
41	National specific regulatory adjustments applied to AT1 capital	0		
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0		
43	Total regulatory deductions to AT1 capital	0		
44	AT1 capital	27,734,986		
45	Tier 1 capital (Tier 1 = CET1 + AT1)	107,919,636		
	Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	7,829,562		(7)
47		1,561,369		(6)
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	5,719,459		= (5) + (17) and limited to 1.25% of risk- weighted amount for credit risks# related to STC approach
51	Tier 2 capital before regulatory deductions	15,110,390		
	Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	0	0	
	Reciprocal cross-holdings in Tier 2 capital instruments	0	}	
53				

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	0	
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	0	
56	National specific regulatory adjustments applied to Tier 2 capital	(252,374)		
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(252,374)		= (19) x 45%
57	Total regulatory deductions to Tier 2 capital	(252,374)		
58	Tier 2 capital	15,362,764		
59	Total capital (Total capital = Tier 1 + Tier 2)	123,282,400		

## Abbreviations:

CET1: Common Equity Tier 1 AT1: Additional Tier 1