

REGULATORY DISCLOSURE

As at 30 June 2014

(a) Disclosure of regulatory capital instruments

Main Features Template

I sear Public Bank (Hong Kong) Limined		Main Features Template	
Securing Law(s) of the instrument Regulatory treatment Regulatory common Equity Ter 1 Regulatory Common Equity Common Equity Ter 1 Regulatory Common Equity Ter 1 Regul	1	Issuer	Public Bank (Hong Kong) Limited
Regulatory treatment Common Equity Tier 1 4 Transitional Basel III rules* Common Equity Tier 1 5 Post-transitional Basel III rules* Common Equity Tier 1 6 Eligible at solo*/group/group & solo Group and Solo 7 Instrument type (types to be specified by each jurisdiction) Group and Solo 8 Amount recognised in regulatory capital (Hong Kong Dollar Currency in thousand, as of most recent reporting date) Perbody 9 Par value of instrument Not applicable 10 Accounting classification Shareholders Equity 11 Original date of issuance Various 2 Perpetual or dated Perpetual 3 Original manurity date No Maturity 4 Susur call subject to prior supervisory approval Not applicable 5 Optional call date, contingent call dates and redemption amount Not applicable 6 Subsequent call dates, if applicable Not applicable 7 Fixed or floating dividend/coupon Boating Dividend 8 Coupon rate and any related index Not applicable 9	2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
Transitional Basel III rules* Post-transitional Basel III rules* Common Equity Tier 1 Post-transitional Basel III rules* Common Equity Tier 1 Full Bighle at solo*/group* good Couque and Solo Couque and Solo Couque and Solo Couque and Solo Control Eligible at solo*/group* good Couque and Solo Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Control Type (types to be specified by each jurisdiction) Coupons dividends Coupons dividends Coupons dividends Coupons at eard any related index Coupo	3	Governing law(s) of the instrument	Hong Kong Law
Separation Second		Regulatory treatment	
Eligible at solo*/group/group & solo Group and Solo	4	Transitional Basel III rules [#]	Common Equity Tier 1
Same No.	5	Post-transitional Basel III rules ⁺	Common Equity Tier 1
8 Amount recognised in regulatory capital (Hong Kong Dollar Currency in thousand, as of most recent reporting date) 9 Par value of instrument 10 Accounting classification 11 Original date of issuance 12 Perpetual or dated 13 Original maturity date 14 Issuer call subject to prior supervisory approval 15 Optional call date, contingent call dates and redemption amount 16 Subsequent call dates, if applicable 17 Original date of issuance 18 Coupons / dividends 19 Existence of a dividend docupon 19 Existence of a dividend dividend/coupon 19 Existence of a dividend subper 20 Fully discretionary, partially discretionary or mandatory 21 Existence of step up or other incentive to redeem 22 Noncumulative or cumulative 23 Convertible, convertible 24 If convertible, convertible 25 If convertible, conversion riager (s) 26 If convertible, mandatory or optional conversion 27 If convertible, specify instrument it converts into 28 If convertible, specify instrument it converts into 39 Write-down feature 30 Write-down feature 30 Write-down feature 30 Write-down feature	6	Eligible at solo*/group/group & solo	Group and Solo
9 Par value of instrument 10 Accounting classification 11 Original date of issuance 12 Perpetual or dated 13 Original maturity date 14 Issuer call subject to prior supervisory approval 15 Optional call date, contingent call dates and redemption amount 16 Subsequent call dates, if applicable 17 Optional call date, contingent call dates and redemption amount 18 Coupons / dividends 19 Existence of a dividend stopper 19 Existence of a dividend stopper 20 Fully discretionary, partially discretionary or mandatory 21 Existence of step up or other incentive to redeem 22 Noncumulative or cumulative 23 Convertible or non-convertible 24 If convertible, conversion trigger (s) 25 If convertible, conversion rate 26 If convertible, mandatory or optional conversion 27 If convertible, specify instrument type convertible into 28 If convertible, specify instrument it converts into 30 Witte-down feature 30 Witte-down feature 30 Witte-down feature 30 Witte-down feature 40 Various 40 Va	7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
10 Accounting classification 11 Original date of issuance 12 Perpetual or dated 13 Original maturity date 14 Issuer call subject to prior supervisory approval 15 Optional call date, contingent call dates and redemption amount 16 Subsequent call dates, if applicable 17 Fixed or floating dividend/coupon 18 Coupons / dividends 19 Existence of a dividend stopper 19 Existence of a dividend stopper 20 Fully discretionary, partially discretionary or mandatory 21 Existence of step up or other incentive to redeem 22 Noncumulative or cumulative 23 Convertible or non-convertible 24 If convertible, conversion trigger (s) 25 If convertible, conversion rate 26 If convertible, conversion rate 27 If convertible, mandatory or optional conversion 28 If convertible, specify instrument type convertible into 29 If convertible, specify instrument type convertible into 30 Write-down feature 30 Write-down feature 31 If convertible, specify instrument it converts into 30 Write-down feature 31 Not applicable 31 Not applicable 32 If convertible, specify instrument type convertible into 30 Write-down feature 31 Not applicable 32 If convertible, specify instrument it converts into 31 Not applicable 32 Not applicable 33 Write-down feature	8	Amount recognised in regulatory capital (Hong Kong Dollar Currency in thousand, as of most recent reporting date)	2,854,045
11 Original date of issuance Various Perpetual Perpetua	9	Par value of instrument	Not applicable
Perpetual or dated Perpetual or dated No Maturity No Maturity No Maturity No Maturity No Maturity No Maturity Not applicable Subsequent call date, contingent call dates and redemption amount Not applicable Coupons / dividends Coupon rate and any related index Not applicable No applicable Not applicable No applicable Not applicable Not applicable Not applicable Not applicable Existence of a dividend stopper No Fully discretionary, partially discretionary or mandatory Existence of step up or other incentive to redeem Non-cumulative Non-cumulative Coupon ration on-convertible To convertible, conversion trigger (s) Not applicable Not applicable Not applicable If convertible, fully or partially Not applicable If convertible, conversion rate To convertible, and and any related index Not applicable To convertible, fully or partially Not applicable If convertible, conversion rate To convertible, and and or optional conversion Not applicable To convertible, specify instrument type convertible into Not applicable	10	Accounting classification	Shareholders' Equity
No Maturity 14 Issuer call subject to prior supervisory approval 15 Optional call date, contingent call dates and redemption amount 16 Subsequent call dates, if applicable 17 Fixed or floating dividend/coupon 18 Coupon rate and any related index 19 Existence of a dividend stopper 19 Existence of a dividend stopper 20 Fully discretionary, partially discretionary or mandatory 21 Existence of step up or other incentive to redeem 22 Noncumulative or cumulative 23 Convertible or non-convertible 24 If convertible, conversion trigger (s) 25 If convertible, conversion trigger (s) 26 If convertible, conversion rate 27 If convertible, mandatory or optional conversion 28 If convertible, specify instrument type convertible into 29 If convertible, specify instrument type convertible into 29 If convertible, specify issuer of instrument it converts into Not applicable	11	Original date of issuance	Various
Issuer call subject to prior supervisory approval Not applicable	12	Perpetual or dated	Perpetual
15 Optional call date, contingent call dates and redemption amount 16 Subsequent call dates, if applicable 17 Coupons / dividends 18 Coupon rate and any related index 19 Existence of a dividend stopper 19 Existence of a dividend stopper 20 Fully discretionary, partially discretionary or mandatory 21 Existence of step up or other incentive to redeem 22 Noncumulative or cumulative 23 Convertible or non-convertible 24 If convertible, conversion trigger (s) 25 If convertible, conversion rate 26 If convertible, conversion rate 27 If convertible, conversion rate 28 If convertible, conversion rate 39 If convertible, pandatory or optional conversion 30 If convertible, specify instrument type convertible into 30 If convertible, specify instrument type convertible into 31 Not applicable 32 If convertible, specify instrument type convertible into 30 Write-down feature 31 Not applicable 31 Not applicable 32 Not applicable 33 Not applicable 34 If convertible, specify instrument it converts into 35 Not applicable 36 Not applicable 37 Not applicable 38 If convertible, specify instrument type convertible into 39 Not applicable 30 Write-down feature	13	Original maturity date	No Maturity
Subsequent call dates, if applicable	14	Issuer call subject to prior supervisory approval	Not applicable
Coupons / dividends Fixed or floating dividend/coupon Roating Dividend Coupon rate and any related index Not applicable Existence of a dividend stopper No Fully discretionary, partially discretionary or mandatory Existence of step up or other incentive to redeem No Non-counculative Non-convertible If convertible, conversion trigger (s) If convertible, fully or partially If convertible, conversion rate If convertible, mandatory or optional conversion If convertible, specify instrument type convertible into If convertible, specify issuer of instrument it converts into Write-down feature No Hoaplicable Not applicable Not applicable Not applicable Not applicable Not applicable	15	Optional call date, contingent call dates and redemption amount	Not applicable
Fixed or floating dividend/coupon Fixed or floating dividend/coupon Roating Dividend Roating Divide	16	Subsequent call dates, if applicable	Not applicable
18 Coupon rate and any related index Not applicable 19 Existence of a dividend stopper No 20 Fully discretionary, partially discretionary or mandatory Existence of step up or other incentive to redeem No 21 Noncumulative or cumulative Non-cumulative 23 Convertible or non-convertible 14 If convertible, conversion trigger (s) Not applicable 25 If convertible, fully or partially 16 If convertible, conversion rate Not applicable 17 If convertible, mandatory or optional conversion Not applicable 18 If convertible, specify instrument type convertible into Not applicable 19 If convertible, specify issuer of instrument it converts into Not applicable Not applicable Not applicable Not applicable		Coupons / dividends	
Existence of a dividend stopper Pully discretionary, partially discretionary or mandatory Existence of step up or other incentive to redeem No Non-cumulative Non-cumulative Non-convertible If convertible, conversion trigger (s) If convertible, conversion rate If convertible, conversion rate If convertible, conversion rate If convertible, conversion rate If convertible, mandatory or optional conversion If convertible, specify instrument type convertible into If convertible, specify issuer of instrument it converts into Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable	17	Fixed or floating dividend/coupon	Floating Dividend
Fully discretionary, partially discretionary or mandatory Existence of step up or other incentive to redeem No Non-cumulative Non-cumulative Non-convertible or non-convertible If convertible, conversion trigger (s) If convertible, fully or partially If convertible, conversion rate Not applicable If convertible, mandatory or optional conversion If convertible, specify instrument type convertible into If convertible, specify issuer of instrument it converts into Not applicable	18	Coupon rate and any related index	Not applicable
21 Existence of step up or other incentive to redeem 22 Noncumulative or cumulative 23 Convertible or non-convertible 24 If convertible, conversion trigger (s) 25 If convertible, fully or partially 26 If convertible, conversion rate 27 If convertible, mandatory or optional conversion 28 If convertible, specify instrument type convertible into 29 If convertible, specify issuer of instrument it converts into 30 Write-down feature No Non-convertible Non-convertible Non-convertible Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable	19	Existence of a dividend stopper	No
Noncumulative or cumulative Non-cumulative N	20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary
23 Convertible or non-convertible 24 If convertible, conversion trigger (s) 25 If convertible, fully or partially 26 If convertible, conversion rate 27 If convertible, mandatory or optional conversion 28 If convertible, specify instrument type convertible into 29 If convertible, specify issuer of instrument it converts into 30 Write-down feature Non-convertible Not applicable Not applicable Not applicable Not applicable Not applicable	21	Existence of step up or other incentive to redeem	No
24 If convertible, conversion trigger (s) 25 If convertible, fully or partially 26 If convertible, conversion rate 27 If convertible, mandatory or optional conversion 28 If convertible, specify instrument type convertible into 29 If convertible, specify issuer of instrument it converts into Not applicable Not applicable Not applicable Not applicable Not applicable	22	Noncumulative or cumulative	Non-cumulative
25 If convertible, fully or partially 26 If convertible, conversion rate 27 If convertible, mandatory or optional conversion 28 If convertible, specify instrument type convertible into 29 If convertible, specify issuer of instrument it converts into 30 Write-down feature Not applicable Not applicable Not applicable	23	Convertible or non-convertible	Non-convertible
26 If convertible, conversion rate 27 If convertible, mandatory or optional conversion 28 If convertible, specify instrument type convertible into 29 If convertible, specify issuer of instrument it converts into 30 Write-down feature Not applicable No	24	If convertible, conversion trigger (s)	Not applicable
27 If convertible, mandatory or optional conversion 28 If convertible, specify instrument type convertible into 29 If convertible, specify issuer of instrument it converts into 30 Write-down feature No No	25	If convertible, fully or partially	Not applicable
28 If convertible, specify instrument type convertible into 29 If convertible, specify issuer of instrument it converts into 30 Write-down feature No	26	If convertible, conversion rate	Not applicable
29 If convertible, specify issuer of instrument it converts into 30 Write-down feature No	27	If convertible, mandatory or optional conversion	Not applicable
30 Write-down feature No	28	If convertible, specify instrument type convertible into	Not applicable
	29	If convertible, specify issuer of instrument it converts into	Not applicable
31 If write-down, write-down trigger(s) 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
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

Footnote:

- # 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



REGULATORY DISCLOSURE

As at 30 June 2014

(b) The breakdown of CET1 capital, Additional Tier 1 capital, Tier 2 capital and regulatory deductions for Public Bank (Hong Kong) Limited and its subsidiary

Capital Disclosures Template based on Annex 1

		HK\$'000
	CET1 capital: instruments and reserves	
1	Directly issued qualifying CET1 capital instruments plus any related share premium	2,854,045
2	Retained earnings	1,503,421
3	Disclosed reserves	496,571
4	Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	Not applicable
	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)	C
6	CET1 capital before regulatory deductions	4,854,037
	CET1 capital: regulatory deductions	
7	Valuation adjustments	C
8	Goodwill (net of associated deferred tax liability)	242,342
9	Other intangible assets (net of associated deferred tax liability)	C
10	Deferred tax assets net of deferred tax liabilities	19,666
11	Cash flow hedge reserve	C
12	Excess of total EL amount over total eligible provisions under the IRB approach	(
13	Gain-on-sale arising from securitization transactions	C
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	(
	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)	C
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	447,120
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	23,487
26b	Regulatory reserve for general banking risks	423,633
26c	Securitization exposures specified in a notice given by the Monetary Authority	(
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	(
26e	Capital shortfall of regulated non-bank subsidiaries	(
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	(
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	(
28	Total regulatory deductions to CET1 capital	709,128
29	CET1 capital	4,144,909
	AT1 capital: instruments	•

31	of which: classified as equity under applicable accounting standards	0
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	0
	AT1 capital: regulatory deductions	
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	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	0
45	Tier 1 capital (Tier 1 = CET1 + AT1)	4,144,909
	Tier 2 capital: instruments and provisions	
46	Qualifying Tier 2 capital instruments plus any related share premium	0
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	270,446
51	Tier 2 capital before regulatory deductions	270,446
	Tier 2 capital: regulatory deductions	
52	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	(10,569)
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	(10,569)
57	Total regulatory deductions to Tier 2 capital	(10,569)
58	Tier 2 capital	281,015
59	Total capital (Total capital = Tier 1 + Tier 2)	4,425,924
60	Total risk weighted assets	24,326,256
	Capital ratios (as a percentage of risk weighted assets)	
61	CET1 capital ratio	17.0%
62	Tier 1 capital ratio	17.0%
63	Total capital ratio	18.2%
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	4.0%
65	of which: capital conservation buffer requirement	0.0%
66	of which: bank specific countercyclical buffer requirement	0.0%
	of which: G-SIB or D-SIB buffer requirement	0.0%
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.3B of the BCR	10.2%
	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	8,804			
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	64,162			
74	Mortgage servicing rights (net of related tax liability)	Not applicable			
75	Deferred tax assets arising from temporary differences (net of related tax liability)	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 basic approach and the standardized (credit risk) approach (prior to application of cap)	446,661			
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	270,446			
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)				
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	0			
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)				
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			

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
	Other intangible assets (net of associated deferred tax liability)	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 C 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 colum "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 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 other credit exposures to connected companies) under Basel III.			s required to n full from CET1 der the column ting the amount of sing from
	Deferred tax assets net of deferred tax liabilities	19,666	
Explanation As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely o realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in f CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel II.		CET1 capital (and hence s in full, irrespective of	ce be excluded
10			

	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 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 am basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") ac of loans, facilities or other credit exposures to the Al's connected companies which were subject to deduction under the	ljusted by excluding the	aggregate amount		
	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		
19	Explanation For the purpose of determining the total amount of significant capital investments in CET1 capital instruments issued required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected of a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Author facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.	ompanies, where the con synthetic holdings of the	nected company is e AI in the capital		
	Therefore, the amount to be deducted as reported in row 19 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 19 (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 AI'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)	0	0		
39	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entipurpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above threshold available for the exemption from capital deduction of other insignificant capital investments in AT1 capital the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount report his box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong I	e) will mean the headroo instruments may be sma ted under the column "B v excluding the aggregate	om within the aller. Therefore, asel III basis" in		
	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		
54	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 AI's connected companies which were subject to deduction under the Hong Kong approach.				
Rema	rks:				
The ar	mount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined un	nder the Banking (Capita	al) Rules.		

Abbreviations:



REGULATORY DISCLOSURE

As at 31 December 2013

(b) The breakdown of CET1 capital, Additional Tier 1 capital, Tier 2 capital and regulatory deductions for Public Bank (Hong Kong) Limited and its subsidiary (Continued)

Capital Disclosures Template based on Annex 1

	HK\$'000
CET1 capital: instruments and reserves	
1 Directly issued qualifying CET1 capital instruments plus any related share premium	2,854,045
2 Retained earnings	1,429,068
3 Disclosed reserves	498,537
4 Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	Not applicable
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	4,781,650
CET1 capital: regulatory deductions	
7 Valuation adjustments	C
8 Goodwill (net of associated deferred tax liability)	242,342
9 Other intangible assets (net of associated deferred tax liability)	(
10 Deferred tax assets net of deferred tax liabilities	22,273
11 Cash flow hedge reserve	C
12 Excess of total EL amount over total eligible provisions under the IRB approach	(
13 Gain-on-sale 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	(
Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(
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
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	432,846
26a Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	22,701
26b Regulatory reserve for general banking risks	410,145
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	0
26e Capital shortfall of regulated non-bank subsidiaries	0
Capital investment in a connected company which is a commercial entity (amount 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	697,461
29 CET1 capital	4,084,189
AT1 capital: instruments	
30 Qualifying AT1 capital instruments plus any related share premium	



2.4	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1	
34	capital of the consolidation group)	0
35	of which: ATI capital instruments issued by subsidiaries subject to phase out arrangements	0
36	AT1 capital before regulatory deductions	0
	AT1 capital: regulatory deductions	
	Investments in own AT1 capital instruments	0
38	Reciprocal cross-holdings in AT1 capital instruments Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the	0
39	scope of regulatory consolidation (amount above 10% threshold) Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the	0
40	scope of regulatory consolidation	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
	AT1 capital	0
45	Tier 1 capital (Tier 1 = CET1 + AT1)	4,084,189
1.5	Tier 2 capital: instruments and provisions	0
	Qualifying Tier 2 capital instruments plus any related share premium Capital instruments subject to place out arrangements from Tier 2 capital.	0
48	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
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	266,327
51	Tier 2 capital before regulatory deductions	266,327
	Tier 2 capital: regulatory deductions	
52	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	(10,215)
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	(10,215)
57	Total regulatory deductions to Tier 2 capital	(10,215)
58	Tier 2 capital	276,542
58 59	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2)	276,542 4,360,731
58 59	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets	276,542
58 59 60	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets)	276,542 4,360,731 24,038,961
58 59 60 61	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio	276,542 4,360,731 24,038,961 17.0%
58 59 60 61 62	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets)	276,542 4,360,731 24,038,961
58 59 60 61 62	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio Tier 1 capital ratio	276,542 4,360,731 24,038,961 17.0%
58 59 60 61 62 63	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio Tier 1 capital ratio Total capital ratio Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus	276,542 4,360,731 24,038,961 17.0% 17.0% 18.1%
58 59 60 61 62 63 64	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio Tier 1 capital ratio Total capital ratio Total capital ratio Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	276,542 4,360,731 24,038,961 17.0% 17.0% 18.1%
58 59 60 61 62 63 64 65 66	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio Tier 1 capital ratio Total capital ratio Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements) of which: capital conservation buffer requirement	276,542 4,360,731 24,038,961 17.0% 17.0% 18.1% 3.5%
58 59 60 61 62 63 64 65 66	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio Tier 1 capital ratio Total capital ratio Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements) of which: capital conservation buffer requirement of which: bank specific countercyclical buffer requirement of which: G-SIB or D-SIB buffer requirement CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3B of the BCR	276,542 4,360,731 24,038,961 17.0% 17.0% 18.1% 3.5% 0.0%
58 59 60 61 62 63 64 65 66 67 68	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio Tier 1 capital ratio Total capital ratio Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements) of which: capital conservation buffer requirement of which: bank specific countercyclical buffer requirement of which: G-SIB or D-SIB buffer requirement CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3B of the BCR National minima (if different from Basel 3 minimum)	276,542 4,360,731 24,038,961 17.0% 17.0% 18.1% 3.5% 0.0% 0.0% 0.0% 10.1%
58 59 60 61 62 63 64 65 66 67 68	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio Tier 1 capital ratio Total capital ratio Total capital ratio Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements) of which: capital conservation buffer requirement of which: bank specific countercyclical buffer requirement of which: G-SIB or D-SIB buffer requirement CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3B of the BCR National minima (if different from Basel 3 minimum)	276,542 4,360,731 24,038,961 17.0% 17.0% 18.1% 3.5% 0.0% 0.0% 10.1% Not applicable
58 59 60 61 62 63 64 65 66 67 68	Tier 2 capital Total capital (Total capital = Tier 1 + Tier 2) Total risk weighted assets Capital ratios (as a percentage of risk weighted assets) CET1 capital ratio Tier 1 capital ratio Total capital ratio Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements) of which: capital conservation buffer requirement of which: bank specific countercyclical buffer requirement of which: G-SIB or D-SIB buffer requirement CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3B of the BCR National minima (if different from Basel 3 minimum) National CET1 minimum ratio	276,542 4,360,731 24,038,961 17.0% 17.0% 18.1% 3.5% 0.0% 0.0% 10.1%



	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	8,804			
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	64,162			
74	Mortgage servicing rights (net of related tax liability)	Not applicable			
75	Deferred tax assets arising from temporary differences (net of related tax liability)	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 basic approach and the standardized (credit risk) approach (prior to application of cap)	431,022			
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	266,327			
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)				
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	0			
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)				
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			

Notes to the template:

ts where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standard	ius.	
Description	Hong Kong basis	Basel III basis
Other intangible assets (net of associated deferred tax liability)	0	(
apital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel III basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel III basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this basel is the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this basel is the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this basel is the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this basel is the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this basel is the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basel" in this basel is the amount reported in row 9 (i.e. the amount reported in row 9 (i.e. the amount reported in	In Hong Kong, an AI is and to deduct MSRs in The amount reported und asis") adjusted by reduct set for MSRs, DTAs aris	required to full from CET1 der the column ing the amount of ing from
Deferred tax assets net of deferred tax liabilities	22,273	
ealized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in rom deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTA:	CET1 capital (and hence in full, irrespective of the	e be excluded
O E A	ollow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statement apital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong be ISRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold emporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluder credit exposures to connected companies) under Basel III. **Teferred tax assets net of deferred tax liabilities** **Explanation** **Set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in om deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs ET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III.	ollow the accounting treatment of including MSRs as part of intangible assets reported in the Al's financial statements and to deduct MSRs in apital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under 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 reduct ISRs 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 aris imporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loan ther credit exposures to connected companies) under Basel III. **Tetred tax assets net of deferred tax liabilities** 22,273

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.

	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 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 an basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") at of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the subject to deduc	ljusted by excluding the	aggregate amount		
	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		
19	required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected or a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or	For the purpose of determining the total amount of significant 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			
	Therefore, the amount to be deducted as reported in row 19 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 19 (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.				
	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		
39	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector ent purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template abov threshold available for the exemption from capital deduction of other insignificant capital investments in AT1 capital the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount report this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong	e) will mean the headroo instruments may be sma ted under the column "B y excluding the aggregate	om within the aller. Therefore, asel III basis" in		
	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		
54	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 AI's connected companies which were subject to deduction under the Hong Kong approach.				
Rema	I elec				
	IAS.		I		

Abbreviations:



REGULATORY DISCLOSURE

$\label{eq:conclusion} \textbf{(c) Reconciliation between the Group's accounting and regulatory balance sheets}$

	4 . 20	2014	A 21 D	1 2012
	As at 30.	June 2014	As at 31 Dec	cember 2013
	Consolidated balance sheet as in published financial statements (Unaudited)	Under regulatory scope of consolidation (Unaudited)	Consolidated balance sheet as in published financial statements (Audited)	Under regulatory scope of consolidation (Audited)
Balance sheet	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Cash and short term placements	3,707,945	3,682,304	3,960,412	3,957,678
Placements with banks and financial institutions maturing				
after one month but not more than twelve months	1,142,792	1,142,792	1,195,991	1,195,991
Derivative financial instruments	2,303	2,303	771	771
Loans and advances and receivables	27,502,435	27,502,435	27,027,116	27,027,116
Available-for-sale financial assets	6,804	6,804	6,804	6,804
Held-to-maturity investments	4,647,528	4,647,528	4,780,905	4,780,905
Investment in subsidiaries	0	66,108	0	66,108
Interests in a joint venture	1,513	1,500	1,513	1,500
Deferred tax assets	27,935	27,898	30,542	30,505
Tax recoverable	927	616	8,372	8,042
Intangible assets	718	0	718	0
Property and equipment	64,108	65,371	65,264	66,606
Land held under finance leases	99,841	116,832	101,472	118,643
Investment properties	66,329	66,329	65,543	65,543
Goodwill	242,342	242,342	242,342	242,342
Other assets	123,405	104,496	120,364	127,100
TOTAL ASSETS	37,636,925	37,675,658	37,608,129	37,695,654
EQUITY AND LIABILITIES LIABILITIES				
Deposits and balances of banks and other financial institutions at amortised cost	466,491	466,491	483,401	483,401
Derivative financial instruments	787	787	610	610
Customer deposits at amortised cost	30,629,133	30,842,341	30,090,403	30,300,734
Certificates of deposit issued at amortised cost	1,245,429	1,245,429	1,794,492	1,794,492
Current tax payable	23,116	22,900	22,285	22,261
Deferred tax liabilities	6,907	8,232	6,907	8,232
Other liabilities	298,727	235,441	317,178	304,274
TOTAL LIABILITIES	32,670,590	32,821,621	32,715,276	32,914,004
	, ,		, ,	, ,
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Issued capital	2,854,045	2,854,045	1,481,600	1,481,600
Reserves	2,112,290	1,999,992	3,411,253	3,300,050
TOTAL EQUITY	4,966,335	4,854,037	4,892,853	4,781,650
TOTAL EQUITY AND LIABILITIES	37,636,925	37,675,658		37,695,654

REGULATORY DISCLOSURE

$(c) \ Reconciliation \ between \ the \ Group's \ accounting \ and \ regulatory \ balance \ sheets \ (Continued)$

Condensed balance sheet as at 30 June 2014 ASSETS	Consolidated balance sheet as in published financial statements (Unaudited) HK\$'000	Under regulatory scope of consolidation (Unaudited) HK\$'000	Cross reference to definition of capital components
	2 505 045	2 502 204	
Cash and short term placements	3,707,945	3,682,304	
Placements with banks and financial institutions maturing	4.442.502	4.442.502	
after one month but not more than twelve months	1,142,792	1,142,792	
Derivative financial instruments	2,303	2,303	
Loans and advances and receivables	27,502,435	27,502,435	
of which: collective impairment allowances reflected in regulatory capital		(23,028)	(1)
Available-for-sale financial assets	6,804	6,804	
Held-to-maturity investments	4,647,528	4,647,528	
Investment in subsidiaries	0	66,108	
Interests in a joint venture	1,513	1,500	
Deferred tax assets	27,935	27,898	(2)
Tax recoverable	927	616	
Intangible assets	718	0	
Property and equipment	64,108	65,371	
Land held under finance leases	99,841	116,832	
Investment properties	66,329	66,329	
Goodwill	242,342	242,342	(3)
Other assets	123,405	104,496	
TOTAL ASSETS	37,636,925	37,675,658	
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits and balances of banks and other financial institutions at amortised cost	466,491	466,491	
Derivative financial instruments	787	787	
Customer deposits at amortised cost	30,629,133	30,842,341	
Certificates of deposit issued at amortised cost	1,245,429	1,245,429	
Current tax payable	23,116	22,900	
Deferred tax liabilities	6,907	8,232	(4)
Other liabilities	298,727	235,441	
TOTAL LIABILITIES	32,670,590	32,821,621	
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK			
Issued capital	2,854,045	2,854,045	(5)
	2,854,045 2,112,290	2,854,045 1,999,992	(5)
Issued capital Reserves		1,999,992	
Issued capital			(6)
Issued capital Reserves of which:Retained earnings Other reserves		1,999,992 1,479,934	
Issued capital Reserves of which:Retained earnings Other reserves Cumulative fair value gains arising from the revaluation of		1,999,992 1,479,934	(6)
Issued capital Reserves of which:Retained earnings Other reserves Cumulative fair value gains arising from the revaluation of holdings of land and buildings eligible for inclusive in Tier 2 Capital		1,999,992 1,479,934 72,938	(6)
Issued capital Reserves of which:Retained earnings Other reserves Cumulative fair value gains arising from the revaluation of holdings of land and buildings eligible for inclusive in Tier 2 Capital Cumulative fair value gains arising from the revaluation of		1,999,992 1,479,934 72,938 10,569	(6) (7) (8)
Issued capital Reserves of which:Retained earnings Other reserves Cumulative fair value gains arising from the revaluation of holdings of land and buildings eligible for inclusive in Tier 2 Capital Cumulative fair value gains arising from the revaluation of holdings of land and buildings not eligible for inclusive in regulatory capital		1,999,992 1,479,934 72,938 10,569	(6) (7) (8) (9)
Issued capital Reserves of which:Retained earnings Other reserves Cumulative fair value gains arising from the revaluation of holdings of land and buildings eligible for inclusive in Tier 2 Capital Cumulative fair value gains arising from the revaluation of holdings of land and buildings not eligible for inclusive in regulatory capital Regulatory reserve not eligible for inclusive in regulatory capital		1,999,992 1,479,934 72,938 10,569 12,918 176,215	(6) (7) (8) (9) (10)
Issued capital Reserves of which:Retained earnings Other reserves Cumulative fair value gains arising from the revaluation of holdings of land and buildings eligible for inclusive in Tier 2 Capital Cumulative fair value gains arising from the revaluation of holdings of land and buildings not eligible for inclusive in regulatory capital		1,999,992 1,479,934 72,938 10,569	(6) (7) (8) (9)
Issued capital Reserves of which:Retained earnings Other reserves Cumulative fair value gains arising from the revaluation of holdings of land and buildings eligible for inclusive in Tier 2 Capital Cumulative fair value gains arising from the revaluation of holdings of land and buildings not eligible for inclusive in regulatory capital Regulatory reserve not eligible for inclusive in regulatory capital		1,999,992 1,479,934 72,938 10,569 12,918 176,215	(6) (7) (8) (9) (10)



REGULATORY DISCLOSURE

$(c) \ Reconciliation \ between \ the \ Group's \ accounting \ and \ regulatory \ balance \ sheets \ (Continued)$

			
	Consolidated		
	balance sheet	Under	
	as in published financial	regulatory scope of	Cross reference to
	statements	consolidation	definition of
	(Audited)	(Audited)	capital
Balance sheet as at 31 December 2013	HK\$'000	HK\$'000	components
ASSETS			
Cash and short term placements	3,960,412	3,957,678	
Placements with banks and financial institutions maturing			
after one month but not more than twelve months	1,195,991	1,195,991	
Derivative financial instruments	771	771	
Loans and advances and receivables	27,027,116	27,027,116	
of which: collective impairment allowances reflected in regulatory capital		(20,877)	(1)
Available-for-sale financial assets	6,804	6,804	
Held-to-maturity investments	4,780,905	4,780,905	
Investment in subsidiaries	0	66,108	
Interests in a joint venture	1,513	1,500	
Deferred tax assets	30,542	30,505	(2)
Tax recoverable	8,372	8,042	(2)
Intangible assets	718	0	
Property and equipment	65,264	66,606	
Land held under finance leases	101,472	118,643	
Investment properties	65,543	65,543	
Goodwill	242,342	242,342	(3)
Other assets	120,364	127,100	
TOTAL ASSETS	37,608,129	37,695,654	
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits and balances of banks and other financial institutions at amortised cost	483,401	483,401	
Derivative financial instruments	610	610	
Customer deposits at amortised cost	30,090,403	30,300,734	
Certificates of deposit issued at amortised cost	1,794,492	1,794,492	
Current tax payable	22,285	22,261	
Deferred tax liabilities	6,907	8,232	(4)
Other liabilities	317,178	304,274	(.,
TOTAL LIABILITIES	32,715,276	32,914,004	
TOTAL LIABILITIES	34,113,410	34,717,007	
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK			
	1,481,600	1 481 600	(5)
Issued capital		1,481,600	(5)
Reserves	3,411,253	3,300,050	
of which: Share premium		1,372,445	(6)
Retained earnings		1,406,367	(7)
Other reserves		88,392	(8)
Cumulative fair value gains arising from the revaluation of			
holdings of land and buildings eligible for inclusive in Tier 2 Capital		10,215	(9)
Cumulative fair value gains arising from the revaluation of			
holdings of land and buildings not eligible for inclusive in regulatory capital		12,486	(10)
Regulatory reserve not eligible for inclusive in regulatory capital		164,695	(11)
Regulatory reserve in Tier 2 Capital		245,450	(12)
TOTAL EQUITY	4,892,853	4,781,650	
TOTAL EQUITY AND LIABILITIES	37,608,129	37,695,654	



REGULATORY DISCLOSURE

As at 30 June 2014

$(c) \ Reconciliation \ between \ the \ Group's \ accounting \ and \ regulatory \ balance \ sheets \ (Continued)$

Extract of Capital Disclosures Template based on Annex 1		
	Component of regulatory capital reported by Group HK\$'000	Cross-referenced to consolidated balance sheet
CET1 capital: instruments and reserves		
1 Directly issued qualifying CET1 capital instruments plus any related share premium	2,854,045	(5)
2 Retained earnings	1,503,421	(6) + (8) + (9)
3 Disclosed reserves	496,571	(7) + (10) + (11)
4 Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	Not applicable	
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	4,854,037	
CET1 capital: regulatory deductions		
7 Valuation adjustments	0	
8 Goodwill (net of associated deferred tax liability)	242,342	(3)
9 Other intangible assets (net of associated deferred tax liability)	0	
10 Deferred tax assets net of deferred tax liabilities	19,666	(2) - (4)
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	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	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)	0	
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% threshold, net of related tax liability)	Not applicable	
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	447,120	
Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	23,487	(8) + (9)
26b Regulatory reserve for general banking risks	423,633	(10) + (11)
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	0	
26e Capital shortfall of regulated non-bank subsidiaries	0	
Capital investment in a connected company which is a commercial entity (amount 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 deduction	s 0	
28 Total regulatory deductions to CET1 capital	709,128	
29 CET1 capital	4,144,909	

	AT1 capital: instruments				
30	Qualifying AT1 capital instruments plus any related share premium	0			
31	of which: classified as equity under applicable accounting standards	0			
32	of which: classified as liabilities under applicable accounting standards	0			
33	Capital instruments subject to phase out arrangements from ATI 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	0			
	AT1 capital: regulatory deductions				
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	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	0			
45	Tier 1 capital (Tier 1 = CET1 + AT1)	4,144,909			
	Tier 2 capital: instruments and provisions				
46	Qualifying Tier 2 capital instruments plus any related share premium	0			
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	270,446	(1) + (11)		
51	Tier 2 capital before regulatory deductions	270,446			
	Tier 2 capital: regulatory deductions				
52	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	(10,569)			
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	(10,569)	((8) + (9)) x 45%		
57	Total regulatory deductions to Tier 2 capital	(10,569)			
58	Tier 2 capital	281,015			
59	Total capital (Total capital = Tier 1 + Tier 2)	4,425,924			

Abbreviations:



REGULATORY DISCLOSURE

As at 31 December 2013

 $(c) \ Reconciliation \ between \ the \ Group's \ accounting \ and \ regulatory \ balance \ sheets \ (Continued)$

Extract of Capital Disclosures Template based on Annex 1

Extract of Capital Disclosures Template based on Annex 1	T	Γ
	Component of regulatory capital reported by Group HK\$'000	Cross-referenced to consolidated balance sheet
CET1 capital: instruments and reserves		
1 Directly issued qualifying CET1 capital instruments plus any related share premium	2,854,045	(5) + (6)
2 Retained earnings	1,429,068	(7) + (9) + (10)
3 Disclosed reserves	498,537	(8) + (11) + (12)
4 Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	Not applicable	
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	4,781,650	
CET1 capital: regulatory deductions		
7 Valuation adjustments	0	
8 Goodwill (net of associated deferred tax liability)	242,342	(3)
9 Other intangible assets (net of associated deferred tax liability)	0	
10 Deferred tax assets net of deferred tax liabilities	22,273	(2) - (4)
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	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	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)	0	
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% 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	432,846	
26a Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	22,701	(9) + (10)
26b Regulatory reserve for general banking risks	410,145	(11) + (12)
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	0	
26e Capital shortfall of regulated non-bank subsidiaries	0	
Capital investment in a connected company which is a commercial entity (amount 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 deduction	0	
28 Total regulatory deductions to CET1 capital	697,461	
29 CET1 capital	4,084,189	

	AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	0		
31	of which: classified as equity under applicable accounting standards	0		
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	0		
	AT1 capital: regulatory deductions			
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	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	0		
45	Tier 1 capital (Tier 1 = CET1 + AT1)	4,084,189		
	Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	0		
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	266,327	(1) + (12)	
51	Tier 2 capital before regulatory deductions	266,327		
	Tier 2 capital: regulatory deductions			
52	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	(10,215)		
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	(10,215)	((9) + (10)) x 45%	
57	Total regulatory deductions to Tier 2 capital	(10,215)		
58	Tier 2 capital	276,542		
59	Total capital (Total capital = Tier 1 + Tier 2)	4,360,731		

$\underline{Abbreviations} :$