#### 1. Composition of capital

The tables below summarise the ratios and the composition of regulatory capital of Dah Sing Bank, Limited (the "Bank"). All the information presented below is unaudited.

The Bank complied with all of the externally imposed capital requirements set by the Hong Kong Monetary Authority ("HKMA").

#### 1.1 Capital adequacy ratio

	As at	As at
	30 June 2015	31 December 2014
Capital adequacy ratio		
- Common Equity Tier 1	11.7%	11.4%
- Tier 1	11.7%	11.4%
- Total	16.2%	16.3%

The capital adequacy ratio as at 30 June 2015 and 31 December 2014 represents the consolidated ratio of the Bank computed on Basel III basis in accordance with the Banking (Capital) Rules (the "Rules") and the transitional arrangement set out therein.

In the calculation of the consolidated capital adequacy ratios, the Bank and those subsidiaries consolidated in the calculation as set out in Note 1.2 below other than Banco Comercial de Macau, S.A. ("BCM") have adopted the standardised (credit risk) approach for the calculation of the risk-weighted amount for credit risk. The Bank and its subsidiaries have adopted the basic indicator approach for the calculation of the risk-weighted amount for operational risk, and the standardised (market risk) approach for the calculation of the risk-weighted amount for market risk.

For BCM, the risk-weighted amount for credit risk is calculated using the basic approach prescribed by the banking regulator in Macau.

Only the Bank is subject to the minimum capital adequacy requirement under the Hong Kong Banking Ordinance. BCM is subject to Macau banking regulations and Dah Sing Bank (China) Limited ("DSB China") is subject to China banking regulations.

#### 1. Composition of capital (Continued)

#### 1.2 Subsidiaries included under the regulatory scope of consolidation

The following is a full list of the Bank's subsidiaries as at 30 June 2015 and 31 December 2014, and the total amount of assets and equity of each of these subsidiaries as at 30 June 2015.

For financial reporting purposes, all the subsidiaries have been consolidated in the financial disclosure statement. The subsidiaries which are excluded from the regulatory scope of consolidation are specified with explanatory notes provided below.

#### HK\$'000

			As at 30 June 2015		
Name of subsidiary	Principal activity	Note	Total assets	Total equity	
Included in the regulatory scope of co	onsolidation				
	D 1'		17 7 40 150	2 422 505	
Banco Comercial de Macau, S.A.	Banking		17,769,150	2,432,795	
Dah Sing Bank (China) Limited	Banking		9,669,578	1,326,283	
Dah Sing MTN Financing Limited	Inactive		-	-	
Dah Sing Properties Limited	Investment holding		-	(14,834)	
DSB BCM (1) Limited	Investment holding		-	-	
DSB BCM (2) Limited	Investment holding		-	-	
OK Finance Limited	Money lending		496,557	6,018	
Pacific Finance (Hong Kong)	Inactive		473,295	472,780	
Limited					
Vanishing Border Investment					
Services Limited	Property investment		-	(1,409)	
Dah Sing Insurance Brokers Limited	Insurance broking		26,821	14,133	
Dah Sing Nominees Limited	Inactive		100	100	
Dah Sing SAR Financing Limited	Inactive		-	-	
Excluded from the regulatory scope of	of consolidation				
Dah Sing Computer Systems Limited	Inactive	(b)	-	-	
Dah Sing Securities Limited	Securities dealing	(a)	392,026	107,252	
DSLI (1) Limited	Inactive	(b)	_	-	
Shinning Bloom Investments Limited	Inactive	(b)	-	-	
Wise Measure Limited	Property investment	(b)	-	-	
Channel Winner Limited	Inactive	(b)	-	(88)	
Reliable Associates Limited	Property investment	(b)	-	-	

Note:

(a) Subsidiaries within the category of "financial sector entities" as defined by the Rules.

In calculating the consolidated capital adequacy ratio as at 30 June 2015 and 31 December 2014 under the Basel III basis, the portion of the aggregate significant investments in Common Equity Tier 1 capital instrument issued by financial sector entities, not subject to regulatory consolidation, that exceeded the 10% concessionary threshold was deducted from capital base. The amount within the 10% concessionary threshold was risk-weighted.

(b) Subsidiaries engaged in property investment or are inactive.

In calculating the consolidated capital adequacy ratio as at 30 June 2015 and 31 December 2014 under the Basel III basis, the Bank risk-weighted the cost of investments in these subsidiaries and did not deduct them from its capital base on the basis that the total cost of investment does not exceed 15% of the Bank's capital base as at the immediately preceding calendar quarter-end date.

### 1. Composition of capital (Continued)

### 1.3 Components of regulatory capital elements

The capital base used in the calculation of the above consolidated capital adequacy ratios and reported to the HKMA is analysed below. The capital base as at 30 June 2015 and 31 December 2014 is calculated on Basel III basis in accordance with the Rules and transitional arrangement set out therein.

#### 1.3.1 Position as at 30 June 2015 under Basel III basis with transitional arrangement

HK	\$'000			
Tran	sition Disclosures Template			Cross-
				referenced to
				expanded
				Consolidated
			Amounts	Statement of
			subject to	Financial
			pre-Basel III	Position in
			treatment*	Note 1.3.2
	Common Equity Tier 1 capital: instruments and rese	rves		
1	Directly issued qualifying Common Equity Tier 1 capital			
1	instruments plus any related share premium	6,200,000		i
2	Retained earnings	10,859,816		j
3	Disclosed reserves	1,270,988		k
	Directly issued capital subject to phase out from Common			
4	Equity Tier 1 capital (only applicable to non-joint stock			
	companies)	Not applicable		
	Public sector capital injections grandfathered until 1 January			
	2018	Not applicable		
	Minority interests arising from Common Equity Tier 1 capital			
5	instruments issued by consolidated bank subsidiaries and held			
5	by third parties (amount allowed in Common Equity Tier 1			
	capital of the consolidation group)	-		
6	Common Equity Tier 1 capital before regulatory			
0	deductions	18,330,804		
	Common Equity Tier 1 capital: regulatory deduction	ons		
7	Valuation adjustments	-		
8	Goodwill (net of associated deferred tax liability)	811,690		d
9	Other intangible assets (net of associated deferred tax			
	liability)	60,824	-	e
10	Deferred tax assets net of deferred tax liabilities	86,123	-	g(i)-g(ii)
11	Cash flow hedge reserve	-		
12	Excess of total EL amount over total eligible provisions under			
12	the Internal Ratings-based ("IRB") approach	-		
13	Gain-on-sale arising from securitization transactions	-	-	
14	Gains and losses due to changes in own credit risk on fair			
14	valued liabilities	-		
15	Defined benefit pension fund net assets (net of associated			
15	deferred tax liabilities)	-	-	
	Investments in own Common Equity Tier 1 capital			
16	instruments (if not already netted off paid-in capital on			
	reported balance sheet)	=		
17	Reciprocal cross-holdings in Common Equity Tier 1 capital			
1/	instruments	=		

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.1 Position as at 30 June 2015 under Basel III basis with transitional arrangement (Continued)

m				0
Tran	sition Disclosures Template			Cross-
				referenced to
				expanded
				Consolidated
			Amounts	Statement of
			subject to	Financial
			pre-Basel III	Position in
			treatment*	Note 1.3.2
	Insignificant capital investments in Common Equity Tier 1			
18	capital instruments issued by financial sector entities that			
_	are outside the scope of regulatory consolidation (amount			
	above 10% threshold)	-	-	
	Significant capital investments in Common Equity Tier 1			
19	capital instruments issued by financial sector entities that			
17	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			
21	(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	NT / 11 11		
	differences	Not applicable		
26	National specific regulatory adjustments applied to Common	2 0 40 666		
	Equity Tier 1 capital	2,049,666		
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	521,917		f(i)+f(ii)
26b	Regulatory reserve for general banking risks	1,522,112		1(1)+1(11)
260 26c	Debit valuation adjustments in respect of derivative contracts	5,637		n
200	Regulatory deductions applied to Common Equity Tier 1	5,057		-n
27	capital due to insufficient Additional Tier 1 capital and Tier			
21	2 capital to cover deductions	_		
	Total regulatory deductions to Common Equity Tier 1			
28	capital	3,008,303		
29	Common Equity Tier 1 capital	15,322,501		
	Additional Tier 1 capital: instruments	;;		
20	Qualifying Additional Tier 1 capital instruments plus any			
30	related share premium	-		
21	of which: classified as equity under applicable accounting			
31	standards	-		
32	of which: classified as liabilities under applicable			
52	accounting standards	-		
33	Capital instruments subject to phase out arrangements from			
55	Additional Tier 1 capital	-		
	Additional Tier 1 capital instruments issued by consolidated			
34	bank subsidiaries and held by third parties (amount allowed			
	in Additional Tier 1 capital of the consolidation group)	-		
25	of which: Additional Tier 1 capital instruments issued by			
35	subsidiaries subject to phase out arrangements	-		

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.1 Position as at 30 June 2015 under Basel III basis with transitional arrangement (Continued)

		i		a
Tran	sition Disclosures Template			Cross-
				referenced to
				expanded
				Consolidated
			Amounts	Statement of
			subject to	Financial
			pre-Basel III	Position in
			treatment*	Note 1.3.2
36	Additional Tier 1 capital before regulatory deductions	-		
	Additional Tier 1 capital: regulatory deductions	5		
37	Investments in own Additional Tier 1 capital instruments	-		
20	Reciprocal cross-holdings in Additional Tier 1 capital			
38	instruments	-	-	
	Insignificant capital investments in Additional Tier 1 capital			
39	instruments issued by financial sector entities that are			
39	outside the scope of regulatory consolidation (amount			
	above 10% threshold)	-	-	
	Significant capital investments in Additional Tier 1 capital			
40	instruments issued by financial sector entities that are			
	outside the scope of regulatory consolidation	-	-	
41	National specific regulatory adjustments applied to			
41	Additional Tier 1 capital	-		
42	Regulatory deductions applied to Additional Tier 1 capital			
42	due to insufficient Tier 2 capital to cover deductions	-		
43	Total regulatory deductions to Additional Tier 1 capital	_		
44	Additional Tier 1 capital	-		
45	Tier 1 capital (Tier 1 = CET1 + AT1)	15,322,501		
	Tier 2 capital: instruments and provisions			
10	Qualifying Tier 2 capital instruments plus any related share			
46	premium	1,730,112		ר
47	Capital instruments subject to phase out arrangements from			
47	Tier 2 capital	2,427,185		J <sub>h</sub>
	Tier 2 capital instruments issued by consolidated bank			
48	subsidiaries and held by third parties (amount allowed in			
	Tier 2 capital of the consolidation group)	-		
10	of which : capital instruments issued by subsidiaries			
49	subject to phase out arrangements	-		
	Collective impairment allowances and regulatory reserve			
50	for general banking risks eligible for inclusion in Tier 2			
	capital	1,505,721		-a+m
51	Tier 2 capital before regulatory deductions	5,663,018		

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.1 Position as at 30 June 2015 under Basel III basis with transitional arrangement (Continued)

Tran	sition Disclosures Template			Cross-referenced
				to expanded
				Consolidated
				Statement of
			Amounts	Financial
			subject to	Position in Note
			pre-Basel III	1.3.2
			treatment*	
	Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	-		
53	Reciprocal cross-holdings in Tier 2 capital instruments	-	-	
	Insignificant capital investments in Tier 2 capital			
#54	instruments issued by financial sector entities that are			
1134	outside the scope of regulatory consolidation (amount			
	above 10% threshold)	-	-	
	Significant capital investments in Tier 2 capital instruments			
55	issued by financial sector entities that are outside the scope			
	of regulatory consolidation	-		
56	National specific regulatory adjustments applied to Tier 2	(224.972)		
	capital Add back of cumulative fair value gains arising from the	(234,863)		
56a	revaluation of land and buildings (own-use and investment			[f(i)+f(ii)] x 45%
30a	properties) eligible for inclusion in Tier 2 capital	(234,863)		$[1(1)+1(11)] \times 45\%$
57	Total regulatory deductions to Tier 2 capital	(234,863)		
58	Tier 2 capital	5,897,881		
59	Total capital (Total capital = Tier 1 + Tier 2)	21,220,382		
57	Deduction items under Basel III which during transitional	21,220,302		
59a	period remain subject to risk-weighting, based on pre-			
	Basel III treatment			
i	of which: Mortgage servicing rights	-		
ii	of which: Defined benefit pension fund net assets	-		
	of which: Investments in own Common Equity Tier 1			
iii	capital instruments, Additional Tier 1 capital instruments			
	and Tier 2 capital instruments	-		
iv	of which: Capital investment in a connected company which			
	is a commercial entity	-		
	of which: Insignificant capital investments in Common			
	Equity Tier 1 capital instruments, Additional Tier 1 capital			
v	instruments and Tier 2 capital instruments issued by			
	financial sector entities that are outside the scope of	_		
	regulatory consolidation	_		
	of which: Significant capital investments in Common			
	Equity Tier 1 capital instruments, Additional Tier 1 capital			
vi	instruments and Tier 2 capital instruments issued by			
	financial sector entities that are outside the scope of			
	regulatory consolidation	-		

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.1 Position as at 30 June 2015 under Basel III basis with transitional arrangement (Continued)

Tran	sition Disclosures Template			Cross-referenced
	<b>F</b>			to expanded
		i		Consolidated
			Amounts	Statement of
			subject to	Financial
			pre-Basel III	Position in Note
			treatment*	1.3.2
60	Total risk weighted assets	130,749,682		
	Capital ratios (as a percentage of risk weighted ass	ets)		
61	Common Equity Tier 1 capital ratio	11.7%		
62	Tier 1 capital ratio	11.7%		
63	Total capital ratio	16.2%		
	Institution specific buffer requirement (minimum Common			
	Equity Tier 1 capital requirement as specified in s.3A, or s.			
	3B, as the case requires, of the Banking (Capital) Rules			
64	plus capital conservation buffer plus countercyclical buffer			
	requirements plus Global Systematically Important Banks			
	("G-SIB") or Domestic Systematically Important Banks			
	("D-SIB") requirements)	4.5%		
65	of which: capital conservation buffer requirement	-		
66	of which: bank specific countercyclical buffer requirement	-		
67	of which: G-SIB or D-SIB buffer requirement	_		
	Common Equity Tier 1 capital surplus over the minimum			
	Common Equity Tier 1 requirement and any Common			
68	Equity Tier 1 capital used to meet the Tier 1 and Total			
00	capital requirement under s.3A, or s. 3B, as the case			
	requires, of the Banking (Capital) Rules	5.7%		
	National minima (if different from Basel III minim			
69	National Common Equity Tier 1 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			
	Insignificant capital investments in Common Equity Tier 1			
	capital instruments, Additional Tier 1 capital instruments			
72	and Tier 2 capital instruments issued by financial sector			
	entities that are outside the scope of regulatory			
	consolidation	1,270,638		
	Significant capital investments in Common Equity Tier 1	, , -		
73	capital instruments issued by financial sector entities that			
	are outside the scope of regulatory consolidation	1,234,230		
74	Mortgage servicing rights (net of related tax liability)	Not applicable		
	Deferred tax assets arising from temporary differences (net			
75	of related tax liability)	Not applicable		
	Applicable caps on the inclusion of provisions in Tier 2			
	Provisions eligible for inclusion in Tier 2 in respect of			
7.	exposures subject to the basic approach and the			
76	standardized (credit risk) approach (prior to application of			
	cap)	1,845,259		

### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.1 Position as at 30 June 2015 under Basel III basis with transitional arrangement (Continued)

Tran	sition Disclosures Template			Cross-referenced
			Amounts	to expanded Consolidated
			subject to	Statement of
			pre-Basel III	Financial Position
			treatment*	in Note 1.3.2
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	1,505,721		iii 1000 1.5.2
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	Not applicable		
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	Not applicable		
	Capital instruments subject to phase-out arrangem	ents		
80	Current cap on Common Equity Tier 1 capital instruments subject to phase out arrangements	Not applicable		
81	Amount excluded from Common Equity Tier 1 due to cap (excess over cap after redemptions and maturities)	Not applicable		
82	Current cap on Additional Tier 1 capital instruments subject to phase out arrangements	_		
83	Amount excluded from Additional Tier 1 capital due to cap (excess over cap after redemptions and maturities)	-		
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	2,427,185		
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	693,482		

Footnotes:

\* This refers to the position under the Banking (Capital) Rules in force up to 31 December 2012.

### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.1 Position as at 30 June 2015 under Basel III basis with transitional arrangement (Continued)

Notes to the template

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

Row No.	Description	Hong Kong basis	Basel III basis		
110.	Other intangible assets (net of associated deferred tax liability)	60,824	60,824		
9	ExplanationAs 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 				
	Deferred tax assets net of deferred tax liabilities	86,123	1,077		
10	Explanation As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely on future profitability of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.				

### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.1 Position as at 30 June 2015 under Basel III basis with transitional arrangement (Continued)

Notes to the template (Continued)

Row No.	Description	Hong Kong basis	Basel III basis
	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	Explanation		
18	For the purpose of determining the total amount of insignifical instruments issued by financial sector entities, an AI is requir other credit exposures provided by it to any of its connected of financial sector entity, as if such loans, facilities or other credit holdings or synthetic holdings of the AI in the capital instrum the AI demonstrates to the satisfaction of the Monetary Author facility was granted, or any such other credit exposure was in business.	ed to aggregate any amou companies, where the con lit exposures were direct h ents of the financial secto prity that any such loan wa	nt of loans, facilities or nected company is a holdings, indirect or entity, except where as made, any such
	quired under Basel III. unt reported in row 18 regate amount of loans, to deduction under the		
	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	Explanation		
19	For the purpose of determining the total amount of significan instruments issued by financial sector entities, an AI is requir facilities or other credit exposures provided by it to any of its company is a financial sector entity, as if such loans, facilities holdings, indirect holdings or synthetic holdings of the AI in sector entity, except where the AI demonstrates to the satisfac such loan was made, any such facility was granted, or any suc ordinary course of the AI's business.	ed to aggregate any amou connected companies, wi s or other credit exposures the capital instruments of ction of the Monetary Aut	nt of loans, here the connected s were direct the financial hority that any
	Therefore, the amount to be deducted as reported in row 19 m Basel III. The amount reported under the column "Basel III b reported in row 19 (i.e. the amount reported under the "Hong aggregate amount of loans, facilities or other credit exposures were subject to deduction under the Hong Kong approach.	asis" in this box represent Kong basis") adjusted by	ts the amount excluding the

#### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.1 Position as at 30 June 2015 under Basel III basis with transitional arrangement (Continued)

Notes to the template (Continued)

Row No.	Description	Hong Kong basis	Basel III basis		
	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-		
39	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 AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 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 39 (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 Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-		
54	Explanation The effect of treating loans, facilities or other credit exposure sector entities as CET1 capital instruments for the purpose of calculating the capital base (see note re row 18 to the templat threshold available for the exemption from capital deduction 2 capital instruments may be smaller. Therefore, the amount te greater than that required under Basel III. The amount reporter represents the amount reported in row 54 (i.e. the amount rep excluding the aggregate amount of loans, facilities or other cr which were subject to deduction under the Hong Kong approximation.	considering deductions to e above) will mean the he of other insignificant capi to be deducted as reported ed under the column "Bas orted under the "Hong Ko redit exposures to the AI's	b be made in adroom within the tal investments in Tier l in row 54 may be el III basis" in this box ong basis") adjusted by		

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.

Abbreviation: CET1: Common Equity Tier 1 AT1: Additional Tier 1

### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.2 Reconciliation of regulatory capital elements as at 30 June 2015 back to the Bank's financial statements

### As at 30 June 2015

HK\$'000

	Statement of Consolidated Financial Position as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components in Note 1.3.1
Assets			
Cash and balances with banks and other financial			
institutions	11,221,727	11,221,727	
Placements with banks and other financial institutions			
maturing between one and twelve months	9,287,477	9,287,477	
Trading securities	6,646,712	6,646,712	
Derivative financial instruments	650,557	650,557	
Financial assets at fair value through profit or loss	14,297	14,297	
Advances and other accounts	118,185,993	117,893,214	
of which: collective impairment provisions		(323,147)	a
of which: insignificant capital investments in financial entities exceeding 10% threshold		-	b(i)
Available-for-sale securities	24,395,568	24,394,370	
of which: insignificant capital investments in financial	, ,	, ,	
entities exceeding 10% threshold		-	b(ii)
Held-to-maturity securities	10,522,130	10,522,130	
of which: insignificant capital investments in financial			
entities exceeding 10% threshold		-	b(iii)
Investments in subsidiaries	-	734	
of which: significant capital investments in financial			
entities exceeding 10% threshold		-	c(i)
Investments in associated companies	4,104,523	1,213,057	
of which: significant capital investments in financial			
entities exceeding 10% threshold		-	c(ii)
Investments in jointly controlled entities	75,811	20,000	
of which: significant capital investments in financial			
entities exceeding 10% threshold		-	c(iii)
Goodwill	811,690	811,690	d
Intangible assets	60,824	60,824	e
Furniture and equipment	403,266	402,642	
Investment properties	745,166	745,166	
of which: cumulative fair value gains arising from the			
revaluation of land and buildings		320,137	f(i)
Bank premises	2,289,085	2,289,085	
of which: cumulative fair value gains arising from the			
revaluation of land and buildings		201,780	f(ii)
Deferred income tax assets	84,156	84,156	
of which: attributable to entities with net deferred			
income tax assets		84,156	g(i)
Total assets	189,498,982	186,257,838	

### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.2 Reconciliation of regulatory capital elements as at 30 June 2015 back to the Bank's financial statements (Continued)

#### As at 30 June 2015 (Continued)

	Statement of		G
	Consolidated		Cross
	Financial		reference to
	Position as in	Under	Definition of
	published	regulatory	Capital
	financial	scope of	Components
T + 1 1144	statements	consolidation	in Note 1.3.1
Liabilities	2 125 222	2 125 222	
Deposits from banks and other financial institutions	3,135,332	3,135,332	
Derivative financial instruments	1,005,674	1,005,674	
of which: debit valuation adjustments		(5,637)	n
Trading Liabilities	5,758,820	5,758,820	
Deposits from customers	141,970,585	142,067,490	
Certificates of deposit issued	7,458,739	7,458,739	
Subordinated notes	5,404,455	5,404,455	
of which: subordinated debt eligible for inclusion in		4 157 207	h
regulatory capital	2 000 404	4,157,297	
Other accounts and accruals	2,999,104	2,720,405	
Current income tax liabilities	327,962	303,133	
Deferred income tax liabilities	73,238	72,986	
of which: attributable to entities with net deferred			
income tax assets		(1,967)	g(ii)
Total liabilities	168,133,909	167,927,034	
Shareholders' Equity			
Share capital	6,200,000	6,200,000	i
Retained earnings	13,685,720	10,859,816	j
Other reserves	1,479,353	1,270,988	k
of which: regulatory reserve for general banking			
risks		1,522,112	1
of which: regulatory reserve eligible for inclusion			
in Tier 2 capital		1,182,574	m
Total shareholders' equity	21,365,073	18,330,804	

### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.3 Position as at 31 December 2014 under Basel III basis with transitional arrangement

#### HK\$'000

	\$1000 sition Diselegung Templete			Cross
I ran	sition Disclosures Template		Amounts	Cross- referenced to expanded Consolidated Statement of
			subject to	Financial
			pre-Basel III	Position in
			treatment*	Note 1.3.4
	Common Equity Tier 1 capital: instruments and rese	rves		
1	Directly issued qualifying Common Equity Tier 1 capital			
1	instruments plus any related share premium	6,200,000		i
2	Retained earnings	10,058,623		j
3	Disclosed reserves	1,155,090		k
	Directly issued capital subject to phase out from Common			
4	Equity Tier 1 capital (only applicable to non-joint stock			
	companies)	Not applicable		
	Public sector capital injections grandfathered until 1 January 2018	Not applicable		
5	Minority interests arising from Common Equity Tier 1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Common Equity Tier 1 capital of the consolidation group)	-		
6	Common Equity Tier 1 capital before regulatory deductions	17,413,713		
	Common Equity Tier 1 capital: regulatory deduction	ons		
7	Valuation adjustments	-		
8	Goodwill (net of associated deferred tax liability)	811,690		d
9	Other intangible assets (net of associated deferred tax liability)	61,844		e
10	Deferred tax assets net of deferred tax liabilities	82,558		g(i)+g(ii)
10	Cash flow hedge reserve	02,550	-	5(1) - S(11)
12	Excess of total EL amount over total eligible provisions under the Internal Ratings-based ("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 Common Equity Tier 1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	_		
17	Reciprocal cross-holdings in Common Equity Tier 1 capital instruments		-	

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.3 Position as at 31 December 2014 under Basel III basis with transitional arrangement (Continued)

Transition Disclosures Template   Cross- interface of the second secon	r				
Insignificant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)   Image: Ima	Tran	sition Disclosures Template			Cross-
Insignificant capital investments in Common Equity Tier 1 Consolidated Statement 0   18 Insignificant capital investments in Common Equity Tier 1 Insignificant capital investments in the common Equity Tier 1 Insignificant capital investments in the common Equity Tier 1 Insignificant capital investments in the common Equity Tier 1 Insignificant exceeding the 15% threshold Not applicable   20 Mortgage servicing rights Not applicable Not applicable   21 Of which: agnificant investments in the common stock of financial sector entities Not applicable   22 dof which: agnificant investments in the property Statement of the second in temporary   23 of which: agnificant investments in the common stock of financial sector entities Not applicable   23 of which: agnificant investments in the common figuity Tier 1 Instancial secon entities   24 of which: agnificant and print explored derivative contracts I.1050					
Statement of Financial pre-Basel III reatment Statement of Financial position in Note 1.3.4   18 Insignificant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) Image: Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) Image: Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) Image: Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) Image: Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory adjustments in the common stock of financial sector entities Image: Common Equity Tier 1 capital instruments issues arising from temporary differences   21 Deferred tax assets arising from temporary differences Image: Common Equity Tier 1 capital instruments inclose on entities   23 of which: dignificant investments in the common stock of financial sector entities Not applicable   24 of which: dignificant sansing from the revaluation of Equity Tier 1 capital Solution   24 of which: duatory neaver for general banking risks 1.481,245   26 National specific regulatory adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 capital and Tier 1 capital due to insufficient Additional Tier 1 capital and Ti					
Insignificant capital investments in Common Equity Tier 1     subject to the pre-Basel III     Financial Position in reatment       18     Insignificant capital investments in Common Equity Tier 1     capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)     -     -       19     Significant capital investments in Common Equity Tier 1     -     -     -       20     Mortgage servicing rights (amount above 10% threshold)     Not applicable     -     -       21     Deferred tax assets arising from temporary differences (amount above 10% threshold)     Not applicable     -     -       23     of which: significant investments in the common stock of Imancial sector entities     Not applicable     -     -       24     of which: deferred tax assets arising from temporary differences     Not applicable     -     -       25     of which: deferred tax assets arising from temporary differences     Not applicable     -     -       24     of which: deferred tax assets arising from temporary differences     Not applicable     -     -       25     of which: deferred tax assets arising from temporary differences     Not applicable     -     -					
pre-Basel III     Position in Note 1.3.4       118     Insignificant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)     -     -       119     Significant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)     Not applicable       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: deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)     Not applicable       24     of which: deferred tax assets arising from temporary differences     Not applicable       25     of which: deferred tax assets arising from temporary differences     Not applicable       26     National specific regulatory adjustments applied to Common Equity Tier 1 capital     2.014.212       26     Regulatory reserve for general banking risks     1.1481.245       27     capital do cover deductions to Common Equity Tier 1 capi					
Insignificant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)     Note 1.3.4       18     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     Defined 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: deferred tax assets arising from the properties)     521.917     -     -     -       25     of which: deferred tax assets arising from the revaluation of laad anb buildings (own-use and investment properties)     521.917     -     -     -       26     Debit valuation adjustments in respect of derivative contracts     11.050     -     -     -       26     Debit valuation adjustments in respect of derivative contracts <td></td> <td></td> <td></td> <td></td> <td></td>					
Insignificant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)   -     19   Significant capital investments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)   Not applicable     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     23   of which: wortgage servicing rights   Not applicable     24   of which: mortgage servicing rights   Not applicable     25   of which: mortgage servicing rights   Not applicable     26   National specific regulatory adjustments applied to Common Equity Tier 1 capital   2.014.212     26   National specific regulatory adjustments applied to Common Equity Tier 1 capital   2.014.212     27   right due to insufficient Additional Tier 1 capital and Tier 2 capital due to insufficient Additional Tier 1 capital and Tier 2 capital due to insufficient Additional Tier 1 capital and Tier 2 capital to cover deductions   -     28   Total regulatory deductions to Common Equity Tier 1 capital   14.443.409     20   Qualifying Additional Tier 1 capital in					
18   capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)				treatment*	Note 1.3.4
18   arc outside the scope of regulatory consolidation (amount above 10% threshold)					
above 10% threshold)	18	1			
Significant capital instruments in Common Equity Tier 1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)   Not applicable     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     23   Amount above 10% threshold, net of related tax liability)   Not applicable     24   of which: significant investments in the common stock of financial sector entities   Not applicable     24   of which: deferred tax assets arising from temporary differences   Not applicable     25   of which: deferred tax assets arising from temporary differences   Not applicable     26   National specific regulatory adjustments applied to Common Equity Tier 1 capital   2.014.212     26a   Cumulative fair value gains arising from temporary differences   521.917     27   capital due to insufficient Additional Tier 1 capital and Tier 2 capital due to insufficient Additional Tier 1 capital and Tier 2 capital due to insufficient Additional Tier 1 capital and Tier 2 capital due to insufficient Additional Tier 1 capital instruments 2 for which: classified as equity under applicable accounting 3 andards		· · ·	_	_	
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31standards-32of which: classified as liabilities under applicable accounting standards-33Capital instruments subject to phase out arrangements from Additional Tier 1 capital-34Additional Tier 1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Additional Tier 1 capital of the consolidation group)-35of which: Additional Tier 1 capital instruments issued by-	21				
32   accounting standards   -     33   Capital instruments subject to phase out arrangements from Additional Tier 1 capital   -     34   Additional Tier 1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Additional Tier 1 capital of the consolidation group)   -     35   of which: Additional Tier 1 capital instruments issued by   -	51		-		
33   Capital instruments subject to phase out arrangements from Additional Tier 1 capital   -     34   Additional Tier 1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Additional Tier 1 capital of the consolidation group)   -     35   of which: Additional Tier 1 capital instruments issued by   -	30				
35   Additional Tier 1 capital   -     34   Additional Tier 1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Additional Tier 1 capital of the consolidation group)   -     35   of which: Additional Tier 1 capital instruments issued by   -	52		-		
Additional Tier 1 capital   -     Additional Tier 1 capital instruments issued by consolidated   -     34   Additional Tier 1 capital instruments (amount allowed in Additional Tier 1 capital of the consolidation group)   -     35   of which: Additional Tier 1 capital instruments issued by   -	33				
34 bank subsidiaries and held by third parties (amount allowed in Additional Tier 1 capital of the consolidation group) -   35 of which: Additional Tier 1 capital instruments issued by	- 55	Additional Tier 1 capital	-		
in Additional Tier 1 capital of the consolidation group) <sup>-</sup> of which: Additional Tier 1 capital instruments issued by		Additional Tier 1 capital instruments issued by consolidated			
of which: Additional Tier 1 capital instruments issued by	34				
		in Additional Tier 1 capital of the consolidation group)	-		
<sup>55</sup> subsidiaries subject to phase out arrangements -	25	of which: Additional Tier 1 capital instruments issued by			
	33		-		

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.3 Position as at 31 December 2014 under Basel III basis with transitional arrangement (Continued)

				0
Tran	sition Disclosures Template			Cross-
				referenced to
				expanded
			<b>.</b> .	Consolidated
			Amounts	Statement of
			subject to	Financial
			pre-Basel III	Position in
			treatment*	Note 1.3.4
36	AT1 capital before regulatory deductions	-		
	Additional Tier 1 capital: regulatory deduction	S		I
37	Investments in own Additional Tier 1 capital instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 capital			
50	instruments	-	-	
	Insignificant capital investments in Additional Tier 1 capital			
39	instruments issued by financial sector entities that are			
39	outside the scope of regulatory consolidation (amount			
	above 10% threshold)	-	-	
	Significant capital investments in Additional Tier 1 capital			
40	instruments issued by financial sector entities that are			
	outside the scope of regulatory consolidation	-	-	
	National specific regulatory adjustments applied to			
41	Additional Tier 1 capital	-		
	Portion of deductions applied 50:50 to core capital and			
	supplementary capital based on pre-Basel III treatment			
41a	which, during transitional period, remain subject to			
	deduction from Tier 1 capital	_		
	of which: Significant capital investments in CET1 capital			
	instruments, AT1 capital instruments and Tier 2 capital			
i	instruments issued by financial sector entities that are			
	•			
	outside the scope of regulatory consolidation	-		
42	Regulatory deductions applied to Additional Tier 1 capital			
	due to insufficient Tier 2 capital to cover deductions	-		
43	Total regulatory deductions to Additional Tier 1 capital	_		
44	Additional Tier 1 capital	-		
45	Tier 1 capital (Tier $1 = CET1 + AT1$ )	14,443,409		
	Tier 2 capital: instruments and provisions	, ,		
1-	Qualifying Tier 2 capital instruments plus any related share			
46	premium	1,730,770		<b>`</b>
	Capital instruments subject to phase out arrangements from	,,		ļ
47	Tier 2 capital	2,792,639		∫ h
	Tier 2 capital instruments issued by consolidated bank	_,. >2,009		
48	subsidiaries and held by third parties (amount allowed in			
	Tier 2 capital of the consolidation group)	_		
	of which : capital instruments issued by subsidiaries			
49	subject to phase out arrangements			
	Collective impairment allowances and regulatory reserve	-		
50	for general banking risks eligible for inclusion in Tier 2			
50	capital	1,467,858		a. 1 m
51		5,991,267		- a + m
51	Tier 2 capital before regulatory deductions	3,991,207		

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.3 Position as at 31 December 2014 under Basel III basis with transitional arrangement (Continued)

Tran	sition Disclosures Template			Cross-referenced
11um	Show Discussives rempine			to expanded
				Consolidated
			Amounts	Statement of
			subject to	Financial
			pre-Basel III	Position in Note
			treatment*	1.3.4
	Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	-		
53	Reciprocal cross-holdings in Tier 2 capital instruments	-		
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)	-	-	
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	_	_	
56	National specific regulatory adjustments applied to Tier 2 capital	(234,863)		
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	(234,863)		[f(i)+f(ii)] x 45%
56b	Portion of previous deductions applied 50:50 to core capital and supplementary capital, based on pre-Basel III treatment, which during transitional period remain subject to deduction from Tier 2 capital	-		
i	of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		
57	Total regulatory deductions to Tier 2 capital	(234,863)		
58	Tier 2 capital	6,226,130		
59	Total capital (Total capital = Tier 1 + Tier 2)	20,669,539		
59a	Deduction items under Basel III which during transitional period remain subject to risk-weighting, based on pre-Basel III treatment			
i	of which: Mortgage servicing rights	-		
ii	of which: Defined benefit pension fund net assets	-		
iii	of which: Investments in own Common Equity Tier 1 capital instruments, Additional Tier 1 capital instruments and Tier 2 capital instruments	-		
iv	of which: Capital investment in a connected company which is a commercial entity	-		
v	of which: Insignificant capital investments in Common Equity Tier 1 capital instruments, Additional Tier 1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		
vi	of which: Significant capital investments in Common Equity Tier 1 capital instruments, Additional Tier 1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.1 Position as at 31 December 2014 under Basel III basis with transitional arrangement (Continued)

Tran	sition Disclosures Template			Cross-referenced
				to expanded
			Amounts	Consolidated
			subject to	Statement of
			pre-Basel III	Financial Position
60	Total risk weighted access	126 990 296	treatment*	in Note 1.3.4
60	Total risk weighted assets Capital ratios (as a percentage of risk weighted asset	126,880,286		
61	Common Equity Tier 1 capital ratio	11.4%		
62	Tier 1 capital ratio	11.4%		
63	Total capital ratio	16.3%		
03		10.5%		
	Institution specific buffer requirement (minimum Common			
	Equity Tier 1 capital requirement as specified in s.3A, or s. 3B, as the case requires, of the Banking (Capital) Rules			
64	plus capital conservation buffer plus countercyclical buffer			
04				
	requirements plus Global Systematically Important Banks			
	("G-SIB") or Domestic Systematically Important Banks	4.00/		
65	("D-SIB") requirements) of which: capital conservation buffer requirement	4.0%		
66	of which: capital conservation buffer requirement of which: bank specific countercyclical buffer requirement	-		
67	of which: G-SIB or D-SIB buffer requirement	-		
07	Common Equity Tier 1 capital surplus over the minimum	-		
	Common Equity Tier 1 requirement and any Common			
68	Equity Tier 1 capital used to meet the Tier 1 and Total			
08	capital requirement under s.3A, or s. 3B, as the case			
	requires, of the Banking (Capital) Rules	5.9%		
	National minima (if different from Basel 3 minimu			
69	National Common Equity Tier 1 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 v	11		
	Insignificant capital investments in Common Equity Tier 1	0 0/		
	capital instruments, Additional Tier 1 capital instruments			
72	and Tier 2 capital instruments issued by financial sector			
	entities that are outside the scope of regulatory			
	consolidation	1,361,755		
	Significant capital investments in Common Equity Tier 1			
73	capital instruments issued by financial sector entities that			
	are outside the scope of regulatory consolidation	1,234,230		
74	Mortgage servicing rights (net of related tax liability)	Not applicable		
75	Deferred tax assets arising from temporary differences (net			
15	of related tax liability)	Not applicable		
	Applicable caps on the inclusion of provisions in Tier 2	capital		
	Provisions eligible for inclusion in Tier 2 in respect of			
76	exposures subject to the basic approach and the			
10	standardized (credit risk) approach (prior to application of			
	cap)	1,792,910		

### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.3 Position as at 31 December 2014 under Basel III basis with transitional arrangement (Continued)

Tran	sition Disclosures Template		Amounts subject to pre-Basel III treatment*	Cross- referenced to expanded Consolidated Statement of Financial Position in Note 1.3.4
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	1,467,858		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	Not applicable		
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	Not applicable		
	Capital instruments subject to phase-out arrangem	ents		
80	Current cap on Common Equity Tier 1 capital instruments subject to phase out arrangements	Not applicable		
81	Amount excluded from Common Equity Tier 1 due to cap (excess over cap after redemptions and maturities)	Not applicable		
82	Current cap on Additional Tier 1 capital instruments subject to phase out arrangements	-		
83	Amount excluded from Additional Tier 1 capital due to cap (excess over cap after redemptions and maturities)			
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	2,792,639		
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	698,160		

Footnotes:

\* This refers to the position under the Banking (Capital) Rules in force up to 31 December 2012.

#### **1.** Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.3 Position as at 31 December 2014 under Basel III basis with transitional arrangement (Continued)

Notes to the template

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

HK\$'000
$111x \Rightarrow 0000$

Row No.	Description	Hong Kong basis	Basel III basis			
1100	Other intangible assets (net of associated deferred tax liability)	61,844	61,844			
9	ExplanationAs 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 					
	Deferred tax assets net of deferred tax liabilities	82,558	1,076			
10	ExplanationAs set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely on future profitability of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III.The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.					

### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.3 Position as at 31 December 2014 under Basel III basis with transitional arrangement (Continued)

Notes to the template (Continued)

Row No.	Description	Hong Kong basis	Basel III basis		
	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-		
	Explanation	I			
For the purpose of determining the total amount of insignificant capital investments in CET1 instruments issued by financial sector entities, an AI is required to aggregate any amount of I other credit exposures provided by it to any of its connected companies, where the connected financial sector entity, as if such loans, facilities or other credit exposures were direct holdin holdings or synthetic holdings of the AI in the capital instruments of the financial sector entit the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was manufacility was granted, or any such other credit exposure was incurred, in the ordinary course or business.					
	equired under Basel III. unt reported in row 18 regate amount of loans, t to deduction under the				
	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-		
	Explanation				
19	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 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 19 m Basel III. The amount reported under the column "Basel III b reported in row 19 (i.e. the amount reported under the "Hong aggregate amount of loans, facilities or other credit exposures were subject to deduction under the Hong Kong approach.	basis" in this box represent Kong basis") adjusted by	ts the amount excluding the		

#### **1.** Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.3 Position as at 31 December 2014 under Basel III basis with transitional arrangement (Continued)

Notes to the template (Continued)

Row No.	Description	Hong Kong basis	Basel III basis		
	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-		
39	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 AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 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 39 (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 Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-		
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.				

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.

Abbreviation: CET1: Common Equity Tier 1 AT1: Additional Tier 1

#### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.4 Reconciliation of regulatory capital elements as at 31 December 2014 back to the Bank's financial statements

#### As at 31 December 2014

HK\$'000

	Statement of Consolidated Financial Position as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components in Note 1.3.3
Assets			
Cash and balances with banks and other financial			
institutions	14,838,111	14,838,111	
Placements with banks and other financial institutions			
maturing between one and twelve months	5,324,811	5,324,811	
Trading securities	6,850,362	6,850,362	
Derivative financial instruments	756,829	756,829	
Financial assets at fair value through profit or loss	9,821	9,821	
Advances and other accounts	115,858,861	115,761,401	
of which: collective impairment provisions		(311,665)	а
of which: insignificant capital investments in financial			
entities exceeding 10% threshold		-	b(i)
Available-for-sale securities	23,351,747	23,350,413	
of which: insignificant capital investments in financial			
entities exceeding 10% threshold		-	b(ii)
Held-to-maturity securities	10,832,940	10,832,940	
of which: insignificant capital investments in financial			
entities exceeding 10% threshold		-	b(iii)
Investments in subsidiaries	-	1,292	
of which: significant capital investments in financial			
entities exceeding 10% threshold	2.546.040	-	c(i)
Investments in associated companies	3,746,918	1,213,057	
of which: significant capital investments in financial			<i>(</i> <b>!</b> )
entities exceeding 10% threshold	(F (0.1	-	c(ii)
Investments in jointly controlled entities	65,694	20,000	
of which: significant capital investments in financial			
entities exceeding 10% threshold	011 (00	-	c(iii)
Goodwill	811,690	811,690	d
Intangible assets	61,844	61,844	e
Furniture and equipment	415,532	415,268	
Investment properties	745,166	745,166	
of which: cumulative fair value gains arising from the		220 127	f(i)
revaluation of land and buildings Bank premises	2 212 676	320,137	f(i)
*	2,312,676	2,312,676	
of which: cumulative fair value gains arising from the revaluation of land and buildings		201 790	f(ii)
Deferred income tax assets	80,591	201,780	1(11)
of which: attributable to entities with net deferred	00,391	80,591	
income tax assets		80,591	g(i)
unome un usseis		00,591	5(1)
Total assets	186,063,593	183,386,272	

### 1. Composition of capital (Continued)

- 1.3 Components of regulatory capital elements (Continued)
- 1.3.2 Reconciliation of regulatory capital elements as at 31 December 2014 back to the Bank's financial statements (Continued)

#### As at 31 December 2014 (Continued)

	Statement of		
	Consolidated		Cross
	Financial		reference to
	Position as in	Under	Definition of
	published	regulatory	Capital
	financial	scope of	Components
	statements	consolidation	in Note 1.3.3
Liabilities			
Deposits from banks and other financial institutions	1,572,467	1,572,467	
Derivative financial instruments	1,146,825	1,146,825	
of which: Debit valuation adjustments		(11,050)	n
Trading Liabilities	5,597,614	5,597,614	
Deposits from customers	143,234,437	143,307,062	
Certificates of deposit issued	6,109,777	6,109,777	
Issued debt securities	-	-	
Subordinated notes	5,432,378	5,432,378	
of which: subordinated debt eligible for inclusion in			
regulatory capital		4,523,409	h
Other accounts and accruals	2,645,717	2,559,420	
Current income tax liabilities	206,392	192,212	
Deferred income tax liabilities	55,056	54,804	
of which: attributable to entities with net deferred			
income tax assets		(1,967)	g(ii)
Total liabilities	166,000,663	165,972,559	
Shareholders' Equity			
Share capital	6,200,000	6,200,000	i
Retained earnings	12,500,075	10,058,623	j
Other reserves	1,362,855	1,155,090	k
of which: regulatory reserve for general banking			
risks		1,481,245	1
of which: regulatory reserve eligible for inclusion			
in Tier 2 capital		1,156,193	m
Total shareholders' equity	20,062,930	17,413,713	

#### 1. Composition of capital (Continued)

- 1.4 Terms and conditions of the instruments included in the capital base
- 1.4.1 Terms and conditions of the instruments included in the capital base as at 30 June 2015

The major terms and conditions of the instruments included in the Bank's consolidated capital base as at 30 June 2015 are as follows:

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
1	Issuer		I	Dah Sing Bank, Limited		
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	XS0287630932	XS0483583737	XS0736001115	XS1021008328
3	Governing law(s) of the instrument	Hong Kong law	English law, except th governed by the laws		above notes relating to s	subordination shall be
	Regulatory treatment		1			
4	Transitional Basel III rules#	Common Equity Tier1 Capital		Tier 2 Capital		Not applicable
5	Post-transitional Basel III rules+	Common Equity Tier1 Capital		Ineligible		Tier 2 Capital
6	Eligible at solo*/ group/ solo and group			Solo and Group		
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Perpetual debt instrument	Subordinated debt instrument	Subordinated debt instrument	Subordinated debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$6,200 million	HK\$298 million	HK\$1,221 million	HK\$908 million	HK\$1,730 million
9	Par value of instrument	HK\$6,200 million	US\$55,000,000 ( after considering amounts subsequently repurchased and cancelled by the Bank)	US\$225,000,000	S\$225,000,000	US\$225,000,000
10	Accounting classification	Shareholders' equity	Liability at amortised cost	Liability at fair v	alue hedge (for hedging	interest rate risk)
11	Original date of issuance	Note (1)	16 Feb 2007	11 Feb 2010	8 Feb 2012	29 Jan 2014
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	No maturity	11 Feb 2020	9 Feb 2022	29 Jan 2024
14	Issuer call subject to prior supervisory approval	Not applicable	Yes	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	No	First optional call date: 17 Feb 2017 The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.	Optional call date: Nil The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par for taxation reasons on interest payment date.	First optional call date: 9 Feb 2017 The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.	First optional call date: 29 Jan 2019 The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.
16	Subsequent call dates, if applicable	Not applicable	Any interest payment dates after the first call date	Not applicable	Any interest payment dates after the first call date	Any interest payment dates after the first call date

- 1.4 Terms and conditions of the instruments included in the capital base (Continued)
- 1.4.1 Terms and conditions of the instruments included in the capital base as at 30 June 2015 (Continued)

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
	Coupons/ dividends	Cupitui	Cuphui			
17	Fixed or floating dividend/ coupon	Not applicable	Fixed to floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index		6.253%-Fixed rate for the period from 16 Feb 2007 to 16 Feb 2017.		4.875%-Fixed rate for the period from 8 Feb 2012 to 8 Feb 2017.	5.25%-Fixed rate for the period from 29 Jan 2014 to 28 Jan 2019.
		Not applicable	From 17 Feb 2017, the interest rate will be changed to floating rate at 3- month USD LIBOR plus 190 basis points.	6.625%	From 9 Feb 2017 to 8 Feb 2022, fixed interest rate will be reset based on prevailing 5-year Singapore Dollar swap rate on 9 Feb 2017 plus 376 basis points.	From 29 Jan 2019 to 28 Jan 2024, fixed interest rate will be reset based on prevailing 5-year U.S. Treasury Rate on 29 Jan 2019 plus 375 basis points.
19	Existence of a dividend stopper	Not applicable		Ν	10	
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary		Mano	datory	
21	Existence of step up or other incentive to redeem	No	Yes	No	No	No
22	Noncumulative or cumulative			Noncumulative		
23	Convertible or non- convertible			Non-convertible		
24	If convertible, conversion trigger (s)			Not applicable		
25	If convertible, fully or partially			Not applicable		
26	If convertible, conversion rate			Not applicable		
27	If convertible, mandatory or optional conversion	Not applicable				
28	If convertible, specify instrument type convertible into	Not applicable				
29	If convertible, specify issuer of instrument it converts into			Not applicable		
30	Write-down feature		No	)		Yes

### 1. Composition of capital (Continued)

1.4 Terms and conditions of the instruments included in the capital base (Continued)

### 1.4.1 Terms and conditions of the instruments included in the capital base as at 30 June 2015 (Continued)

	Component of capital	Common Equity Tier	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
	included	1 Capital	rici 2 Capitai	The 2 Capital	rici 2 Capitai	
31	included If write-down, write-down trigger(s)	1 Capital		plicable		If a Non-Viability Event occurs and is continuing, the Bank shall, upon the provision of a Non- Viability Event notice, irrevocably (without the need for the consent of the holders of the Dated Subordinated Notes) reduce the then prevailing principal amount and cancel any accrued but unpaid interest of each Dated Subordinated Note (in each case in whole or in part) by an amount equal to the Non- Viability Event write- off amount per Dated Subordinated Note. "Non-Viability Event" means the earlier of: (a) the HKMA notifying the Bank in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and (b) the HKMA notifying the Bank in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the
20	If white down full as series		Nation	nliachla		non-viable.
32 33	If write-down, full or partial If write-down, permanent or			plicable		Full or partial Permanent
55	temporary		Not ap	plicable		
34	If temporary write-down, description of write-up mechanism			Not applicable		

- 1.4 Terms and conditions of the instruments included in the capital base (Continued)
- 1.4.1 Terms and conditions of the instruments included in the capital base as at 30 June 2015 (Continued)

	Comment of the l	О				
	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The rights of holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of preference shareholders.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of the Bank Prior Creditors. In the event of the winding up of the Bank, there shall be payable by the Bank in respect of each Undated Subordinated Note (in lieu of any other payment by the Bank), but subject as provided in this Condition, such amount, if any, as would have been payable to the holder thereof if, at the close of business on the day prior to the commencement of the winding up of the Bank and thereafter, such Noteholder were the holder of a fully-paid, validly issued preference share in the capital of the Bank having a preferential right to a return of assets in the winding up over the holders of all issued share (including for this purpose any preference share insued) for the time being in the Bank's capital on the assumption that such preference share was entitled to receive on a return of assets in such winding up an amount equal to the Early Redemption Amount payable in respect of such Undated Subordinated Note together with arrears of interest, if any, and accrued interest.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.
36	Non-compliant transitioned features	No		Yes		No
37	If yes, specify the non- compliant features	Not applicable	With incentive to redeem and without write-down/ convertible features	Without write-down/ convertible features	Without write-down/ convertible features	Not applicable

#### 1. Composition of capital (Continued)

- 1.4 Terms and conditions of the instruments included in the capital base (Continued)
- 1.4.1 Terms and conditions of the instruments included in the capital base as at 30 June 2015 (Continued)

Note:

(1) The original dates of issuance of the Bank's Common Equity Tier 1 capital are as follows:

Date of issue	Ordinary shares issued HK\$'000
Due of issue	
Before year 2010	3,600,000
31 May 2011	1,000,000
18 December 2012	400,000
30 May 2014	1,200,000
	6,200,000

Notes:

- # 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

#### 1. Composition of capital (Continued)

- 1.4 Terms and conditions of the instruments included in the capital base (Continued)
- 1.4.2 Terms and conditions of the instruments included in the capital base as at 31 December 2014

The major terms and conditions of the instruments included in the Bank's consolidated capital base as at 31 December 2014 are as follows:

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
1	Issuer		I	Dah Sing Bank, Limited		
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	XS0287630932	XS0483583737	XS0736001115	XS1021008328
3	Governing law(s) of the instrument	Hong Kong law	English law, except th governed by the laws		above notes relating to s	subordination shall be
	Regulatory treatment					
4	Transitional Basel III rules#	Common Equity Tier1 Capital		Tier 2 Capital		Not applicable
5	Post-transitional Basel III rules+	Common Equity Tier1 Capital		Ineligible		Tier 2 Capital
6	Eligible at solo*/ group/ solo and group			Solo and Group		
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Perpetual debt instrument	Subordinated debt instrument	Subordinated debt instrument	Subordinated debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$6,200 million	HK\$341 million	HK\$1,396 million	HK\$1,055 million	HK\$1,731 million
9	Par value of instrument	HK\$6,200 million	US\$55,000,000 ( after considering amounts subsequently repurchased and cancelled by the Bank)	US\$225,000,000	S\$225,000,000	US\$225,000,000
10	Accounting classification	Shareholders' equity	Liability at amortised cost	Liability at fair v	alue hedge (for hedging	interest rate risk)
11	Original date of issuance	Note (1)	16 Feb 2007	11 Feb 2010	8 Feb 2012	29 Jan 2014
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	No maturity	11 Feb 2020	9 Feb 2022	29 Jan 2024
14	Issuer call subject to prior supervisory approval	Not applicable	Yes	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	No	First optional call date: 17 Feb 2017 The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.	Optional call date: Nil The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par for taxation reasons on interest payment date.	First optional call date: 9 Feb 2017 The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.	First optional call date: 29 Jan 2019 The Bank may, subject to receiving the prior approval of the HKMA, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.
16	Subsequent call dates, if applicable	Not applicable	Any interest payment dates after the first call date	Not applicable	Any interest payment dates after the first call date	Any interest payment dates after the first call date

- 1.4 Terms and conditions of the instruments included in the capital base (Continued)
- 1.4.2 Terms and conditions of the instruments included in the capital base as at 31 December 2014 (Continued)

	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
	Coupons/ dividends				•	
17	Fixed or floating dividend/ coupon	Not applicable	Fixed to floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index		6.253%-Fixed rate for the period from 16 Feb 2007 to 16 Feb 2017.		4.875%-Fixed rate for the period from 8 Feb 2012 to 8 Feb 2017.	5.25%-Fixed rate for the period from 29 Jan 2014 to 28 Jan 2019.
		Not applicable	From 17 Feb 2017, the interest rate will be changed to floating rate at 3- month USD LIBOR plus 190 basis points.	6.625%	From 9 Feb 2017 to 8 Feb 2022, fixed interest rate will be reset based on prevailing 5-year Singapore Dollar swap rate on 9 Feb 2017 plus 376 basis points.	From 29 Jan 2019 to 28 Jan 2024, fixed interest rate will be reset based on prevailing 5-year U.S. Treasury Rate on 29 Jan 2019 plus 375 basis points.
19	Existence of a dividend stopper	Not applicable		Ν	10	
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary		Mano	datory	
21	Existence of step up or other incentive to redeem	No	Yes	No	No	No
22	Noncumulative or cumulative			Noncumulative	•	
23	Convertible or non- convertible			Non-convertible		
24	If convertible, conversion trigger (s)			Not applicable		
25	If convertible, fully or partially			Not applicable		
26	If convertible, conversion rate			Not applicable		
27	If convertible, mandatory or optional conversion		Not applicable			
28	If convertible, specify instrument type convertible into	Not applicable				
29	If convertible, specify issuer of instrument it converts into			Not applicable		
30	Write-down feature		No	)		Yes

### 1. Composition of capital (Continued)

1.4 Terms and conditions of the instruments included in the capital base (Continued)

### 1.4.2 Terms and conditions of the instruments included in the capital base as at 31 December 2014 (Continued)

	Component of capital	Common Equity Tier	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
31	Component of capital included If write-down, write-down trigger(s)	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital If a Non-Viability Event occurs and is continuing, the Bank shall, upon the provision of a Non- Viability Event notice, irrevocably (without the need for the consent of the holders of the Dated Subordinated Notes) reduce the then prevailing principal amount and cancel any accrued but unpaid interest of each Dated Subordinated Note (in each case in whole or in part) by an amount equal to the Non- Viability Event write- off amount per Dated Subordinated Note. "Non-Viability Event" means the earlier of: (a) the HKMA notifying the Bank in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and (b) the HKMA notifying tha a decision has been made by the government body, a government officer or or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the
						Bank would become non-viable.
32	If write-down, full or partial		Not ap	plicable		Full or partial
33	If write-down, permanent or temporary		Not ap	plicable		Permanent
34	If temporary write-down, description of write-up mechanism			Not applicable		

- 1.4 Terms and conditions of the instruments included in the capital base (Continued)
- 1.4.2 Terms and conditions of the instruments included in the capital base as at 31 December 2014 (Continued)

	Commence of the 1	O				
	Component of capital included	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital	Tier 2 Capital
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The rights of holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of preference shareholders.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of the Bank Prior Creditors. In the event of the winding up of the Bank, there shall be payable by the Bank in respect of each Undated Subordinated Note (in lieu of any other payment by the Bank), but subject as provided in this Condition, such amount, if any, as would have been payable to the holder thereof if, at the close of business on the day prior to the commencement of the winding up of the Bank and thereafter, such Noteholder were the holder of a fully-paid, validly issued preference share in the capital of the Bank having a preferential right to a return of assets in the winding up over the holders of all issued share (including for this purpose any preference share insued) for the time being in the Bank's capital on the assumption that such preference share was entitled to receive on a return of assets in such winding up an amount equal to the Early Redemption Amount payable in respect of such Undated Subordinated Note together with arrears of interest, if any, and accrued interest.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.	The rights of the holders will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank (other than claimants in respect of the Bank subordinated indebtedness) and, for the avoidance of doubt, will rank senior to all claims under the Undated Subordinated Notes and the Undated Subordinated Guarantee.
36	Non-compliant transitioned features	No		Yes		No
37	If yes, specify the non- compliant features	Not applicable	With incentive to redeem and without write-down/ convertible features	Without write-down/ convertible features	Without write-down/ convertible features	Not applicable

#### 1. Composition of capital (Continued)

- 1.4 Terms and conditions of the instruments included in the capital base (Continued)
- 1.4.2 Terms and conditions of the instruments included in the capital base as at 31 December 2014 (Continued)

#### Note:

(1) The original dates of issuance of the Bank's Common Equity Tier 1 capital are as follows:

Date of issue	Nominal value of ordinary shares issued HK\$'000
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#### Notes:

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