

Approach to Balance Sheet Reconciliation in accordance with the requirements issued by Hong Kong Monetary Authority on 19 August 2013

Step 1

Condensed Consolidated Statement Of Financial Position As At 30 June 2015

HK\$'000	Balance sheet as in	Under regulatory scope of
	published financial statements	consolidation
	As at 30 June 2015	As at 30 June 2015
<b>Assets</b>		
Cash and short-term funds	18,399,357	18,374,679
Placements with banks maturing between one to twelve months	8,923,630	8,923,630
Derivative financial instruments	227,218	227,218
Financial assets at fair value through profit or loss	323	-
Available-for-sale securities	11,347,023	11,215,079
Held-to-maturity securities	11,051,161	11,020,662
Advances and other accounts	64,541,806	63,962,961
Assets held for sale	141,954	141,954
Interests in associates	258,055	21,500
Investment properties	247,202	247,202
Property and equipment	624,699	608,268
Prepaid lease payments for land	2,303	2,303
Deferred tax assets	5,771	5,771
Goodwill	50,606	-
<b>Total assets</b>	<b>115,821,108</b>	<b>114,751,227</b>
<b>Liabilities</b>		
Deposits and balances of banks	2,708,592	2,708,592
Financial assets sold under repurchase agreements	3,792,185	3,792,185
Deposits from customers	92,127,490	92,127,490
Certificates of deposit	1,648,579	1,648,579
Derivative financial instruments	610,754	610,754
Other accounts and accruals	1,650,550	1,366,635
Current tax liabilities	140,125	121,703
Loan capital	1,812,399	1,812,399
Deferred tax liabilities	34,672	28,470
<b>Total liabilities</b>	<b>104,525,346</b>	<b>104,216,807</b>
<b>Equity attributable to owners of the Bank</b>		
Share capital	1,760,317	1,760,317
Additional equity instruments	2,312,030	2,312,030
Reserves	7,223,415	6,462,073
<b>Total equity</b>	<b>11,295,762</b>	<b>10,534,420</b>
<b>Total liabilities and equity</b>	<b>115,821,108</b>	<b>114,751,227</b>

Approach to Balance Sheet Reconciliation in accordance with the requirements issued by Hong Kong Monetary Authority on 19 August 2013

Step 2

Condensed Consolidated Statement Of Financial Position As At 30 June 2015

HK\$'000	Balance sheet as in	Under regulatory scope of	Cross reference to
	published financial statements	consolidation	Definition of Capital Components
	As at 30 June 2015	As at 30 June 2015	
<b>Assets</b>			
Cash and short-term funds	18,399,357	18,374,679	
Placements with banks maturing between one to twelve months	8,923,630	8,923,630	
Derivative financial instruments	227,218	227,218	
Financial assets at fair value through profit or loss	323	-	
Available-for-sale securities	11,347,023	11,215,079	
Held-to-maturity securities	11,051,161	11,020,662	
Advances and other accounts	64,541,806	63,962,961	
of which: Collective impairment allowances reflected in regulatory capital		-236,348	(1)
Defined benefit pension fund net assets		21,726	(2)
Assets held for sale	141,954	141,954	
Interests in associates	258,055	21,500	
Investment properties	247,202	247,202	
Property and equipment	624,699	608,268	
Prepaid lease payments for land	2,303	2,303	
Deferred tax assets	5,771	5,771	(3)
Goodwill	50,606	-	
<b>Total assets</b>	<b>115,821,108</b>	<b>114,751,227</b>	
<b>Liabilities</b>			
Deposits and balances of banks	2,708,592	2,708,592	
Financial assets sold under repurchase agreements	3,792,185	3,792,185	
Deposits from customers	92,127,490	92,127,490	
Certificates of deposit	1,648,579	1,648,579	
Derivative financial instruments	610,754	610,754	
Other accounts and accruals	1,650,550	1,366,635	
Current tax liabilities	140,125	121,703	
Loan capital	1,812,399	1,812,399	
of which: Portion of subordinated notes eligible for inclusion in regulatory capital		1,214,536	(4)
Deferred tax liabilities	34,672	28,470	
of which: Deferred tax liabilities related to defined benefit pension fund		3,491	(5)
<b>Total liabilities</b>	<b>104,525,346</b>	<b>104,216,807</b>	
<b>Equity attributable to owners of the Bank</b>			
Share capital	1,760,317	1,760,317	(6)
Additional equity instruments	2,312,030	2,312,030	(7)
Reserves	7,223,415	6,462,073	
of which: Retained earnings		4,016,911	(8)
of which: Cumulative gains on fair value adjustments on investment properties		184,082	(9)
General reserves		1,388,500	(10)
Investment revaluation reserve		224,244	(11)
Land and building revaluation reserve		146,647	(12)
Regulatory reserve		656,000	(13)
Translation reserve		29,771	(14)
of which: Cumulative valuation surplus on investment properties credited to the reserve		6,894	(15)
<b>Total equity</b>	<b>11,295,762</b>	<b>10,534,420</b>	
<b>Total liabilities and equity</b>	<b>115,821,108</b>	<b>114,751,227</b>	

**Extract of Transition Capital Disclosures (with added column)**

	Component of regulatory capital reported by bank	Amounts subject to pre-Base III treatment*	Cross-referenced * to
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,760,317	(6)
2	Retained earnings	4,016,911	(8)
3	Disclosed reserves	2,445,162	(10)+(11)+(12)+(13)+(14)
4	<i>Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)</i>	Not applicable	
	<i>Public sector capital injections grandfathered until 1 January 2018</i>	Not applicable	
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	0	
6	<b>CET1 capital before regulatory deductions</b>	8,222,390	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liability)	0	
9	Other intangible assets (net of associated deferred tax liability)	0	0
10	Deferred tax assets net of deferred tax liabilities	5,771	(3)
11	Cash flow hedge reserve	0	
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	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	0
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	18,235	(2)-(5)
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	0
17	Reciprocal cross-holdings in CET1 capital instruments	0	0
18	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
20	<i>Mortgage servicing rights (amount above 10% threshold)</i>	Not applicable	
21	<i>Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)</i>	Not applicable	
22	<i>Amount exceeding the 15% threshold</i>	Not applicable	
23	<i>of which: significant investments in the common stock of financial sector entities</i>	Not applicable	
24	<i>of which: mortgage servicing rights</i>	Not applicable	
25	<i>of which: deferred tax assets arising from temporary differences</i>	Not applicable	
26	National specific regulatory adjustments applied to CET1 capital	993,623	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	337,623	(9)+(12)+(15)
26b	Regulatory reserve for general banking risks	656,000	(13)
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	0
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	0
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0	
28	<b>Total regulatory deductions to CET1 capital</b>	1,017,629	
29	<b>CET1 capital</b>	7,204,761	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	2,312,030	(7)
31	of which: classified as equity under applicable accounting standards	2,312,030	(7)
32	of which: classified as liabilities under applicable accounting standards	0	
33	<i>Capital instruments subject to phase out arrangements from AT1 capital</i>	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	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	0	
36	<b>AT1 capital before regulatory deductions</b>	2,312,030	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	0	0
38	Reciprocal cross-holdings in AT1 capital instruments	0	0
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	0
41	National specific regulatory adjustments applied to AT1 capital	0	
41a	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Base III treatment which, during transitional period, remain subject to deduction from Tier 1 capital	0	
	i of which: Excess of total EL amount over total eligible provisions under the IRB approach	0	
	ii of which: Capital shortfall of regulated non-bank subsidiaries	0	
	iii of which: Investments in own CET1 capital instruments	0	
	iv of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	0	
	v of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	
	vi of which: 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	0	
	vii 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	0	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0	
43	<b>Total regulatory deductions to AT1 capital</b>	0	
44	<b>AT1 capital</b>	2,312,030	
45	<b>Tier 1 capital (Tier 1 = CET1 + AT1)</b>	9,516,791	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	0	
47	<i>Capital instruments subject to phase out arrangements from Tier 2 capital</i>	1,214,536	(4)
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	<i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	0	
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	892,348	-(1)+(13)
51	<b>Tier 2 capital before regulatory deductions</b>	2,106,884	

Approach to Balance Sheet Reconciliation in accordance with the requirements issued by Hong Kong Monetary Authority on 19 August 2013

Step 3

As At 30 June 2015

HK\$'000

Extract of Transition Capital Disclosures (with added column)

		Component of regulatory capital reported by bank	Amounts subject to pre-Basel III treatment*	Cross-referenced * to
<b>Tier 2 capital: regulatory deductions</b>				
52	Investments in own Tier 2 capital instruments	0	0	
53	Reciprocal cross-holdings in Tier 2 capital instruments	0	0	
54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0	
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	0	
56	National specific regulatory adjustments applied to Tier 2 capital	-151,930		
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	-151,930		- [(9)+(12)+(15)] x 45%
56b	Portion of 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	0		
	i of which: Excess of total EL amount over total eligible provisions under the IRB approach	0		
	ii of which: Capital shortfall of regulated non-bank subsidiaries	0		
	iii of which: Investments in own CET1 capital instruments	0		
	iv of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	0		
	v of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0		
	vi of which: 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	0		
	vii 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	0		
57	<b>Total regulatory deductions to Tier 2 capital</b>	<b>-151,930</b>		
58	<b>Tier 2 capital</b>	<b>2,258,814</b>		
59	<b>Total capital (Total capital = Tier 1 + Tier 2)</b>	<b>11,775,605</b>		

**Abbreviations:**

CET1: Common Equity Tier 1

AT1: Additional Tier 1

**Footnote:**

\* Cross-referenced to Consolidated Balance Sheet in Step 2

## Approach to Balance Sheet Reconciliation in accordance with the requirements issued by Hong Kong Monetary Authority on 19 August 2013

## Step 1

## Condensed Consolidated Statement Of Financial Position As At 31 December 2014

HK\$'000	Balance sheet as in	Under regulatory scope of
	published financial statements	consolidation
	As at 31 December 2014	As at 31 December 2014
<b>Assets</b>		
Cash and short-term funds	26,032,182	26,007,573
Placements with banks and other financial institutions maturing between one to twelve months	5,568,433	5,568,433
Derivative financial instruments	142,162	142,162
Financial assets at fair value through profit or loss	287	-
Available-for-sale securities	7,874,920	7,749,318
Held-to-maturity securities	8,663,136	8,632,513
Advances and other accounts	58,584,607	58,403,692
Tax recoverable	-	-
Assets held for sale	1,718	1,718
Interests in associates	222,309	21,500
Investment properties	288,413	288,413
Property and equipment	609,956	593,308
Prepaid lease payments for land	2,336	2,336
Deferred tax assets	4,697	4,697
Goodwill	50,606	-
<b>Total assets</b>	<b>108,045,762</b>	<b>107,415,663</b>
<b>Liabilities</b>		
Deposits and balances of banks and other financial institutions	4,413,861	4,413,861
Financial assets sold under repurchase agreements	4,948,764	4,948,764
Deposits from customers	82,133,391	82,133,391
Certificates of deposit	2,108,136	2,108,136
Derivative financial instruments	415,122	415,122
Other accounts and accruals	1,360,613	1,384,528
Current tax liabilities	43,109	40,955
Loan capital	1,815,563	1,815,563
Deferred tax liabilities	23,551	17,165
<b>Total liabilities</b>	<b>97,262,110</b>	<b>97,277,485</b>
<b>Equity attributable to owners of the Bank</b>		
Share capital	1,760,317	1,760,317
Additional equity instruments	2,312,030	2,312,030
Reserves	6,711,305	6,065,831
<b>Total equity</b>	<b>10,783,652</b>	<b>10,138,178</b>
<b>Total liabilities and equity</b>	<b>108,045,762</b>	<b>107,415,663</b>

## Approach to Balance Sheet Reconciliation in accordance with the requirements issued by Hong Kong Monetary Authority on 19 August 2013

## Step 2

## Condensed Consolidated Statement Of Financial Position As At 31 December 2014

HK\$'000	Balance sheet as in	Under regulatory scope of	Cross reference to Definition of Capital Components
	published financial statements	consolidation	
	As at 31 December 2014	As at 31 December 2014	
<b>Assets</b>			
Cash and short-term funds	26,032,182	26,007,573	
Placements with banks and other financial institutions maturing between one to twelve months	5,568,433	5,568,433	
Derivative financial instruments	142,162	142,162	
Financial assets at fair value through profit or loss	287	-	
Available-for-sale securities	7,874,920	7,749,318	
Held-to-maturity securities	8,663,136	8,632,513	
Advances and other accounts	58,584,607	58,403,692	
of which: Collective impairment allowances reflected in regulatory capital		-238,986	(1)
Defined benefit pension fund net assets		21,726	(2)
Tax recoverable	-	-	
Assets held for sale	1,718	1,718	
Interests in associates	222,309	21,500	
Investment properties	288,413	288,413	
Property and equipment	609,956	593,308	
Prepaid lease payments for land	2,336	2,336	
Deferred tax assets	4,697	4,697	(3)
Goodwill	50,606	-	
<b>Total assets</b>	<b>108,045,762</b>	<b>107,415,663</b>	
<b>Liabilities</b>			
Deposits and balances of banks and other financial institutions	4,413,861	4,413,861	
Financial assets sold under repurchase agreements	4,948,764	4,948,764	
Deposits from customers	82,133,391	82,133,391	
Certificates of deposit	2,108,136	2,108,136	
Derivative financial instruments	415,122	415,122	
Other accounts and accruals	1,360,613	1,384,528	
Current tax liabilities	43,109	40,955	
Loan capital	1,815,563	1,815,563	
of which: Portion of subordinated notes eligible for inclusion in regulatory capital		1,388,170	(4)
Deferred tax liabilities	23,551	17,165	
of which: Deferred tax liabilities related to defined benefit pension fund		3,491	(5)
<b>Total liabilities</b>	<b>97,262,110</b>	<b>97,277,485</b>	
<b>Equity attributable to owners of the Bank</b>			
Share capital	1,760,317	1,760,317	(6)
Additional equity instruments	2,312,030	2,312,030	(7)
Reserves	6,711,305	6,065,831	
of which: Retained earnings		3,740,945	(8)
of which: Cumulative gains on fair value adjustments on investment properties		83,312	(9)
General reserves		1,388,500	(10)
Investment revaluation reserve		186,384	(11)
Land and building revaluation reserve		146,647	(12)
Regulatory reserve		573,000	(13)
Translation reserve		30,355	(14)
of which: Cumulative valuation surplus on investment properties credited to the reserve		6,921	(15)
<b>Total equity</b>	<b>10,783,652</b>	<b>10,138,178</b>	
<b>Total liabilities and equity</b>	<b>108,045,762</b>	<b>107,415,663</b>	

## Extract of Transition Capital Disclosures (with added column)

	Component of regulatory capital reported by bank	Amounts subject to pre-Base III treatment*	Cross-referenced * to
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,760,317	(6)
2	Retained earnings	3,740,945	(8)
3	Disclosed reserves	2,324,886	(10)+(11)+(12)+(13)+(14)
4	<i>Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)</i>	Not applicable	
	<i>Public sector capital injections grandfathered until 1 January 2018</i>	Not applicable	
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	0	
6	<b>CET1 capital before regulatory deductions</b>	7,826,148	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liability)	0	
9	Other intangible assets (net of associated deferred tax liability)	0	0
10	Deferred tax assets net of deferred tax liabilities	4,697	(3)
11	Cash flow hedge reserve	0	
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	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	0
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	18,235	0
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	0
17	Reciprocal cross-holdings in CET1 capital instruments	0	0
18	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
20	<i>Mortgage servicing rights (amount above 10% threshold)</i>	Not applicable	
21	<i>Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)</i>	Not applicable	
22	<i>Amount exceeding the 15% threshold</i>	Not applicable	
23	<i>of which: significant investments in the common stock of financial sector entities</i>	Not applicable	
24	<i>of which: mortgage servicing rights</i>	Not applicable	
25	<i>of which: deferred tax assets arising from temporary differences</i>	Not applicable	
26	National specific regulatory adjustments applied to CET1 capital	809,880	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	236,880	(9)+(12)+(15)
26b	Regulatory reserve for general banking risks	573,000	(13)
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	0
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	0
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0	
28	<b>Total regulatory deductions to CET1 capital</b>	832,812	
29	<b>CET1 capital</b>	6,993,336	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	2,312,030	(7)
31	of which: classified as equity under applicable accounting standards	2,312,030	(7)
32	of which: classified as liabilities under applicable accounting standards	0	
33	<i>Capital instruments subject to phase out arrangements from AT1 capital</i>	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	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	0	
36	<b>AT1 capital before regulatory deductions</b>	2,312,030	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	0	0
38	Reciprocal cross-holdings in AT1 capital instruments	0	0
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	0
41	National specific regulatory adjustments applied to AT1 capital	0	
41a	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Base III treatment which, during transitional period, remain subject to deduction from Tier 1 capital	0	
i	of which: Excess of total EL amount over total eligible provisions under the IRB approach	0	
ii	of which: Capital shortfall of regulated non-bank subsidiaries	0	
iii	of which: Investments in own CET1 capital instruments	0	
iv	of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	0	
v	of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	
vi	of which: 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	0	
vii	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	0	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0	
43	<b>Total regulatory deductions to AT1 capital</b>	0	
44	<b>AT1 capital</b>	2,312,030	
45	<b>Tier 1 capital (Tier 1 = CET1 + AT1)</b>	9,305,366	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	0	
47	<i>Capital instruments subject to phase out arrangements from Tier 2 capital</i>	1,388,170	(4)
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	<i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	0	
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	811,986	-(1)+(13)
51	<b>Tier 2 capital before regulatory deductions</b>	2,200,156	

**Step 3**
**As At 31 December 2014**

<b>Tier 2 capital: regulatory deductions</b>			
52	Investments in own Tier 2 capital instruments	0	0
53	Reciprocal cross-holdings in Tier 2 capital instruments	0	0
54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	0
56	National specific regulatory adjustments applied to Tier 2 capital	-106,596	
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	-106,596	- [(9)+(12)+(15)] x 45%
56b	Portion of 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	0	
	i of which: Excess of total EL amount over total eligible provisions under the IRB approach	0	
	ii of which: Capital shortfall of regulated non-bank subsidiaries	0	
	iii of which: Investments in own CET1 capital instruments	0	
	iv of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	0	
	v of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	
	vi of which: 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	0	
	vii 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	0	
57	<b>Total regulatory deductions to Tier 2 capital</b>	-106,596	
58	<b>Tier 2 capital</b>	2,306,752	
59	<b>Total capital (Total capital = Tier 1 + Tier 2)</b>	11,612,118	

**Abbreviations:**

CET1: Common Equity Tier 1

AT1: Additional Tier 1

**Footnote:**

\* Cross-referenced to Consolidated Balance Sheet in Step 2