

Regulatory Disclosures

30 June 2015



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Capital disclosures

Regulatory capital

		At 30 June 2015		
		Component of regulatory capital reported by bank HK\$'m	Amounts subject to pre-Basel III treatment* HK\$'m	Cross reference to regulatory scope consolidated balance sheet
CET1 capital: instruments and reserves				
1	Directly issued qualifying CET1 capital instruments plus any related share premium	43,043		(5)
2	Retained earnings	84,080		(6)
3	Disclosed reserves	49,454		(8)+(9)+ (10)+(11)
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)	693		(12)
6	CET1 capital before regulatory deductions	177,270		
CET1 capital: regulatory deductions				
7	Valuation adjustments	31		Not applicable
8	Goodwill (net of associated deferred tax liability)	0		
9	Other intangible assets (net of associated deferred tax liability)	0		
10	Deferred tax assets net of deferred tax liabilities	157		(2)
11	Cash flow hedge reserve	0		
12	Excess of total EL amount over total eligible provisions under the IRB approach	0		
13	Gain-on-sale arising from securitization transactions	0		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	194		(1)+(3)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	0		
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0		
17	Reciprocal cross-holdings in CET1 capital instruments	0		
18	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0		
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0		
20	Mortgage servicing rights (amount above 10% threshold)	Not applicable		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	Not applicable		
22	Amount exceeding the 15% threshold	Not applicable		
23	of which: significant investments in the common stock of financial sector entities	Not applicable		
24	of which: mortgage servicing rights	Not applicable		
25	of which: deferred tax assets arising from temporary differences	Not applicable		
26	National specific regulatory adjustments applied to CET1 capital	59,584		
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	48,898		(7)+(8)
26b	Regulatory reserve for general banking risks	10,686		(10)
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		
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0		
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0		
28	Total regulatory deductions to CET1 capital	59,966		
29	CET1 capital	117,304		

Capital disclosures

Regulatory capital (continued)

		At 30 June 2015		
		Component of regulatory capital reported by bank HK\$'m	Amounts subject to pre-Basel III treatment* HK\$'m	Cross reference to regulatory scope consolidated balance sheet
AT1 capital: instruments				
30	Qualifying AT1 capital instruments plus any related share premium	0		
31	of which: classified as equity under applicable accounting standards	0		
32	of which: classified as liabilities under applicable accounting standards	0		
33	<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)	592		(13)+ [(14)*60%]
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	432		(14)*60%
36	AT1 capital before regulatory deductions	592		
AT1 capital: regulatory deductions				
37	Investments in own AT1 capital instruments	0		
38	Reciprocal cross-holdings in AT1 capital instruments	0		
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0		
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0		
41	National specific regulatory adjustments applied to AT1 capital	0		
41a	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 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	Total regulatory deductions to AT1 capital	0		
44	AT1 capital	592		
45	Tier 1 capital (Tier 1 = CET1 + AT1)	117,896		
Tier 2 capital: instruments and provisions				
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>	18,230		(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)	213		(15)
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	5,552		Not applicable
51	Tier 2 capital before regulatory deductions	23,995		

Capital disclosures

Regulatory capital (continued)

		At 30 June 2015		
		Component of regulatory capital reported by bank HK\$m	Amounts subject to pre-Basel III treatment* HK\$m	Cross reference to regulatory scope consolidated balance sheet
Tier 2 capital: regulatory deductions				
52	Investments in own Tier 2 capital instruments	0		
53	Reciprocal cross-holdings in Tier 2 capital instruments	0		
54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0		
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0		
56	National specific regulatory adjustments applied to Tier 2 capital	(22,004)		
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	(22,004)		[(7)+(8)] *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	Total regulatory deductions to Tier 2 capital	(22,004)		
58	Tier 2 capital	45,999		
59	Total capital (Total capital = Tier 1 + Tier 2)	163,895		

Capital disclosures

Regulatory capital (continued)

		At 30 June 2015	
		Component of regulatory capital reported by bank HK\$m	Amounts subject to pre-BaseI III treatment* HK\$m
59a	Deduction items under Basel III which during transitional period remain subject to risk-weighting, based on pre-BaseI III treatment	0	
i	of which: Mortgage servicing rights	0	
ii	of which: Defined benefit pension fund net assets	0	
iii	of which: Investments in own CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments	0	
iv	of which: Capital investment in a connected company which is a commercial entity	0	
v	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	
vi	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	
60	Total risk weighted assets	949,666	
Capital ratios (as a percentage of risk weighted assets)			
61	CET1 capital ratio	12.35%	
62	Tier 1 capital ratio	12.41%	
63	Total capital ratio	17.26%	
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3A, or s.3B, as the case requires, of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	4.50%	
65	of which: capital conservation buffer requirement	0.00%	
66	of which: bank specific countercyclical buffer requirement	0.00%	
67	of which: G-SIB or D-SIB buffer requirement	0.00%	
68	CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3A, or s.3B, as the case requires, of the BCR	6.41%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	
70	National Tier 1 minimum ratio	Not applicable	
71	National Total capital minimum ratio	Not applicable	
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	436	
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	2,293	
74	Mortgage servicing rights (net of related tax liability)	Not applicable	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	Not applicable	
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach and the standardized (credit risk) approach (prior to application of cap)	771	
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	596	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	8,889	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	4,956	
Capital instruments subject to phase-out arrangements			
80	Current cap on CET1 capital instruments subject to phase out arrangements	Not applicable	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable	
82	Current cap on AT1 capital instruments subject to phase out arrangements	0	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	0	
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	18,230	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	0	

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

Capital disclosures

Regulatory capital (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 HK\$m	Basel III basis HK\$m
9	Other intangible assets (net of associated deferred tax liability)	0	0
	<p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSRs) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10	Deferred tax assets net of deferred tax liabilities	157	0
	<p><u>Explanation</u></p> <p>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.</p> <p>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.</p>		
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
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.</p> <p>Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

Capital disclosures

Regulatory capital (continued)

Row No.	Description	Hong Kong basis HK\$'m	Basel III basis HK\$'m
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
	<p><u>Explanation</u></p> <p>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.</p> <p>Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
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
	<p><u>Explanation</u></p> <p>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.</p>		
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
	<p><u>Explanation</u></p> <p>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.</p>		
<p>Remarks:</p> <p>The amount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the Banking (Capital) Rules.</p>			

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

Capital disclosures

Regulatory capital (continued)

Reconciliation of regulatory scope consolidated balance sheet to capital components

	At 30 June 2015		Cross reference to definition of capital components
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
	HK\$m	HK\$m	
ASSETS			
Cash and balances with banks and other financial institutions	329,068	328,923	
Placements with banks and other financial institutions maturing between one and twelve months	50,867	50,606	
Financial assets at fair value through profit or loss	39,946	39,871	
Derivative financial instruments	33,583	33,583	
- of which: <i>debit valuation adjustments in respect of derivative contracts</i>		59	(1)
Hong Kong SAR Government certificates of indebtedness	93,530	93,530	
Advances and other accounts	1,078,729	1,078,729	
Investment in securities	542,976	542,972	
Interests in subsidiaries	-	325	
Interests in associates and a joint venture	345	345	
Investment properties	15,121	15,255	
Properties, plant and equipment	56,025	55,573	
Deferred tax assets	157	157	(2)
Other assets	29,615	29,457	
Total assets	2,269,962	2,269,326	
LIABILITIES			
Hong Kong SAR currency notes in circulation	93,530	93,530	
Deposits and balances from banks and other financial institutions	205,604	205,604	
Financial liabilities at fair value through profit or loss	21,186	21,186	
Derivative financial instruments	25,398	25,398	
- of which: <i>debit valuation adjustments in respect of derivative contracts</i>		(135)	(3)
Deposits from customers	1,621,244	1,621,617	
Debt securities and certificates of deposit in issue	7,071	7,071	
Other accounts and provisions	84,859	84,806	
Current tax liabilities	4,315	4,283	
Deferred tax liabilities	7,974	7,803	
Subordinated liabilities	19,565	19,565	
- of which: <i>eligible for inclusion in regulatory capital subject to phase out arrangements</i>		18,230	(4)
Total liabilities	2,090,746	2,090,863	

Capital disclosures

Regulatory capital (continued)

Reconciliation of regulatory scope consolidated balance sheet to capital components (continued)

	At 30 June 2015		Cross reference to definition of capital components
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
	HK\$m	HK\$m	
EQUITY			
Share capital	43,043	43,043	(5)
Reserves	134,021	133,534	
- Retained earnings	83,576	84,080	(6)
- of which: cumulative fair value gains arising from the revaluation of investment properties		11,056	(7)
- Premises revaluation reserve	38,815	37,842	(8)
- Reserve for fair value changes of available-for-sale securities	146	150	(9)
- Regulatory reserve	10,686	10,686	(10)
- Translation reserve	798	776	(11)
Capital and reserves attributable to the equity holders of the Bank	177,064	176,577	
Non-controlling interests	2,152	1,886	
- of which: portion eligible for inclusion in CET1 capital		693	(12)
- of which: portion eligible for inclusion in AT 1 capital		160	(13)
- of which: portion eligible for inclusion in AT 1 capital subject to phase out arrangements		720	(14)
- of which: portion eligible for inclusion in Tier 2 capital		213	(15)
Total equity	179,216	178,463	
Total liabilities and equity	2,269,962	2,269,326	

Capital disclosures

Capital instruments

Main features of issued capital instruments		CET1 Capital Ordinary shares	Tier 2 Capital Subordinated notes
1	Issuer	Bank of China (Hong Kong) Limited	Bank of China (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	Rule 144A: CUSIP - 061199AA3 ISIN - US061199AA35 Regulation S: CUSIP - Y1391CAJ0 ISIN - USY1391CAJ00
3	Governing law(s) of the instrument	Hong Kong law	New York law (other than the provisions of the indenture relating to subordination, which are governed by Hong Kong law)
<i>Regulatory treatment</i>			
4	Transitional Basel III rules [#]	Not applicable	Tier 2
5	Post-transitional Basel III rules ⁺	Common Equity Tier 1	Ineligible
6	Eligible at solo*/group/group & solo	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Other Tier 2 instruments
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$43,043m (as of 30 June 2015)	HK\$18,230m (as of 30 June 2015)
9	Par value of instrument	No par value (refer to Note 1 for details)	USD2,500m in total
10	Accounting classification	Shareholders' equity	Liability - amortized cost
11	Original date of issuance	1 Oct 2001 (refer to Note 2 for details)	11 Feb 2010
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	11 Feb 2020 (unless previously redeemed or purchased and cancelled with the prior written approval of the HKMA)
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable	Early redemption for tax reasons; purchases of Notes by the issuer (please refer to "Description of the Notes" in Offering Memorandum dated 12 April 2010 for further details on call dates and redemption amounts)
16	Subsequent call dates, if applicable	Not applicable	Ditto
<i>Coupons / dividends</i>			
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	Not applicable	5.55%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable

Capital disclosures

Capital instruments (continued)

		CET1 Capital Ordinary shares	Tier 2 Capital Subordinated notes
Main features of issued capital instruments			
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated notes mentioned in the second column of this main features table	Upon the occurrence of a Subordination Event (Refer to Note 3 for details), subordinated to the claims of depositors and all other unsubordinated creditors of the issuer
36	Non-compliant transitioned features	No	Yes
37	If yes, specify non-compliant features	Not applicable	Does not contain provision to be written down, or converted into ordinary shares, at the point of non-viability
Full terms and conditions of issued capital instruments		Click here to download	Click here to download

Footnote:

[#] Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

⁺ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

^{*} Include solo-consolidated

Note 1: Pursuant to the Hong Kong Companies Ordinance (Chapter 622) which has commenced operation on 3 March 2014, all shares issued by a company incorporated in Hong Kong before, on and after that commencement date shall have no par value and the relevant concept of authorised share capital is abolished.

Note 2:

- The authorised share capital of Bank of China (Hong Kong) Limited (“BOCHK”), comprising 4 million ordinary shares of HK\$100 each, was subdivided into 400 million ordinary shares of HK\$1 each pursuant to shareholders written resolution of BOCHK passed on 3 Sep 2001.
- On 30 Sep 2001, 400 million shares in the capital of BOCHK were transferred from Bank of China Limited to BOC Hong Kong (Holdings) Limited (“BOCHK Holdings”) pursuant to Supplemental Merger Agreement.
- BOCHK then issued a total of 42,642,840,858 ordinary shares at par value of HK\$1 each to BOCHK Holdings on 1 Oct 2001. Hence, the total issued and paid-up share capital of BOCHK was HK\$43,042,840,858 since 2001.
- The concepts of par value for shares and authorised share capital have been abolished following the commencement of the Hong Kong Companies Ordinance (Chapter 622) as mentioned in Note 1.

Note 3: “Subordination Event” shall occur if an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution or similar proceeding of the issuer in Hong Kong (except for the purposes of a reconstruction, amalgamation or reorganization, the terms of which have previously been approved by a resolution of the noteholders passed at a meeting duly convened and held in accordance with the indenture by a majority of at least 66.23% of the votes cast).

Leverage ratio disclosures

Leverage ratio

		At 30 June 2015
		HK\$'m
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	2,144,456
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(59,831)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	2,084,625
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	25,012
5	Add-on amounts for PFE associated with all derivatives transactions	19,189
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	(509)
8	Less: Exempted CCP leg of client-cleared trade exposures	0
9	Adjusted effective notional amount of written credit derivatives	0
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives	0
11	Total derivative exposures	43,692
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	1,193
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	0
14	CCR exposure for SFT assets	0
15	Agent transaction exposures	0
16	Total securities financing transaction exposures	1,193
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	566,992
18	Less: Adjustments for conversion to credit equivalent amounts	(445,427)
19	Off-balance sheet items	121,565
Capital and total exposures		
20	Tier 1 capital	117,896
21	Total exposures	2,251,075
Leverage ratio		
22	Basel III leverage ratio	5.24%

Summary comparison table

		At 30 June 2015
		HK\$'m
1	Total consolidated assets as per published financial statements	2,269,962
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(636)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	10,109
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	121,565
7	Other adjustments	(149,925)
	<i>of which: Hong Kong SAR Government certificates of indebtedness</i>	<i>(93,530)</i>
8	Leverage ratio exposure	2,251,075

Liquidity information disclosures

Liquidity coverage ratio

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this table	For the quarter ended 31 March 2015: 73 data points		For the quarter ended 30 June 2015: 71 data points	
	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Basis of disclosure: consolidated				
A. HIGH QUALITY LIQUID ASSETS				
1 Total high quality liquid assets (HQLA)		350,776		399,338
B. CASH OUTFLOWS				
2 Retail deposits and small business funding, of which:	733,008	50,298	772,096	53,802
3 <i>Stable retail deposits and stable small business funding</i>	299,906	14,995	303,549	15,177
4 <i>Less stable retail deposits and less stable small business funding</i>	256,120	25,612	289,059	28,906
5 <i>Retail term deposits and small business term funding</i>	176,982	9,691	179,488	9,719
6 Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	782,275	395,308	798,668	406,419
7 <i>Operational deposits</i>	160,722	37,235	186,246	43,560
8 <i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	620,354	356,874	612,283	362,720
9 <i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	1,199	1,199	139	139
10 Secured funding transactions (including securities swap transactions)		459		282
11 Additional requirements, of which:	96,233	25,622	84,954	26,911
12 <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collaterals requirements</i>	14,213	14,213	17,431	17,431
13 <i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	0	0	0	0
14 <i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	82,020	11,409	67,523	9,480
15 Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	19,636	19,552	28,286	28,286
16 Other contingent funding obligations (whether contractual or non-contractual)	480,043	4,038	491,553	4,876
17 TOTAL CASH OUTFLOWS		495,277		520,576
C. CASH INFLOWS				
18 Secured lending transactions (including securities swap transactions)	2,671	2,578	3,148	2,713
19 Secured and unsecured loans (other than secured lending transactions covered in Row 18) and operational deposits placed at other financial institutions	225,724	125,027	173,957	118,182
20 Other cash inflows	24,510	23,595	34,010	33,263
21 TOTAL CASH INFLOWS	252,905	151,200	211,115	154,158
D. LIQUIDITY COVERAGE RATIO				
22 TOTAL HQLA		350,776		399,338
23 TOTAL NET CASH OUTFLOWS		344,077		366,418
24 LCR (%)		101.90%		109.89%

Liquidity information disclosures

Liquidity coverage ratio (continued)

Notes:

- The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.
- The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.
- The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.
- The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

In the first half of 2015, there was no material change in the LCR. The first quarter average LCR was 101.90% and the second quarter average LCR was 109.89%. The average HKD level 1 HQLA to HKD net cash outflow ratio in the first half of 2015 was 50%, well above the regulatory requirement of 20%. The ratios have maintained at stable and healthy levels.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks and non-financial corporate debt securities. In the first half of 2015, the majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposit which are the Group's primary source of funds, together with deposit and balance from bank and other financial institution. To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market or by issuing debts in the capital market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, were minimal to the LCR.