

Part I: Capital Base

Item	Nature of item	HK\$'000	HK\$'000
Category I Core Capital			
(a)	Paid up ordinary share capital		
(b)	Irredeemable non-cumulative preference shares		
(c)	Share premium		
(d)	Reserves		
(e)	Profit and loss account		
(f)	Minority interests (in core equity capital)		
	Deduct: Goodwill		
TOTAL CORE CAPITAL			
Category II Supplementary Capital			
(g)	Inner reserves		
(h)	Reserves on revaluation of land and interests in land		
(ha)	Reserves on revaluation of holding of securities not held for trading purposes		
(i)	Latent reserves on revaluation of long term holding of equity securities		
(j)	General provisions for doubtful debts		
(k)	Perpetual subordinated debt		
(l)	Irredeemable cumulative preference shares		
	Total hybrid capital instruments ((k) + (l))		
(m)	Term subordinated debt		
(n)	Term preference shares		
	Total term subordinated debt instruments ((m) + (n))		
	Eligible value of term subordinated debt instruments (limited to 50% of Core Capital)		
(o)	Minority interests (in supplementary equity capital)		
TOTAL GROSS VALUE OF SUPPLEMENTARY CAPITAL			

Item	Nature of item	HK\$'000
	ELIGIBLE VALUE OF SUPPLEMENTARY CAPITAL (limited to 100% of Core Capital)	
	TOTAL CAPITAL BASE (total of Core and Supplementary Capital)	
	Deductions from total capital base	
(A)	Shareholdings in subsidiaries or holding company	
(B)	Exposures to connected companies	
(C)	Equity investments of more than 20% in non-subsidiary companies	
(D)	Investments in the capital of other banks and financial institutions	
	TOTAL DEDUCTIONS	
	TOTAL CAPITAL BASE AFTER DEDUCTIONS	

Part II: Risk Weighted On-balance Sheets Assets

Item	Nature of item	Principal Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
Category I Cash items				
1.	Notes and coins		0	0
2.	Hong Kong Government certificates of indebtedness		0	0
3.	Gold bullion held in own vault or on an allocated basis, to the extent backed by gold liabilities		0	0
4.	Gold held not backed by gold liabilities		100	
5.	Claims collateralised by cash deposits		0	0
6.	Cash items in the course of collection		20	
6A.	Amounts due from the sale of securities, up to and including the fifth working day after the due settlement date		0	0
6B.	Amounts due from the purchase of securities on behalf of customers, up to and including the fifth working day after the due settlement date		0	0
SUBTOTAL				
Category II (Claims on central governments and central banks)				
7.	Loans to, or loans guaranteed by, the Exchange Fund		0	0
8.	Loans to, or loans guaranteed by, the central government or the central bank of any Tier 1 country (other than 7)		0	0
9.	Fixed interest securities with a residual maturity of under 1 year, or floating rate securities issued or guaranteed by the central government or the central bank of any Tier 1 country, or by the Exchange Fund, or claims collateralised by such securities		10	
10.	Fixed interest securities with a residual maturity of 1 year and over issued or guaranteed by the central government or the central bank of any Tier 1 country, or by the Exchange Fund, or claims collateralised by such securities		20	
11.	Loans to, or loans guaranteed by, the central government or the central bank of a Tier 2 country, where denominated and funded in the currency of that country		0	0

Item	Nature of item	Principal Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
12.	Fixed interest securities with a residual maturity of under 1 year, or floating rate securities issued or guaranteed by the central government or the central bank of a Tier 2 country, where denominated and funded in the currency of that country		10	
13.	Fixed interest securities with a residual maturity of 1 year and over issued or guaranteed by the central government or the central bank of a Tier 2 country, where denominated and funded in the currency of that country		20	
14.	Other claims on the central government or the central bank of a Tier 2 country		100	
SUBTOTAL				
Category III Claims on Public Sector Entities (P.S.E.s)				
15.	Claims on, or claims guaranteed by, or claims collateralised by securities issued by, P.S.E.s in Hong Kong		20	
16.	Claims on, or claims guaranteed by, or claims collateralised by securities issued by, P.S.E.s in any other Tier 1 country		20	
17.	Claims on P.S.E.s of a Tier 2 country		100	
SUBTOTAL				
Category IV Claims on Banks				
18.	Claims on, or claims guaranteed by, an authorized institution or a bank incorporated in any other Tier 1 country		20	
19.	Claims on, or claims guaranteed or collateralised by securities issued by, a multilateral development bank		20	
20.	Claims on, or claims guaranteed by, any other bank with a residual maturity of under 1 year		20	
21.	Claims on, or claims guaranteed by, any other bank with a residual maturity of 1 year or over		100	
SUBTOTAL				

Item	Nature of item	Principal Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
Category V Residential Mortgages				
22.	Loans fully secured by a residential mortgage		50	
23.	Securities backed by residential mortgages and participations in residential mortgages		50	
SUBTOTAL				
Category VI Other assets				
24.	Claims on non-bank private sector		100	
25.	Investments in the equity or other capital instruments of other banks (other than where deducted from the capital base)		100	
26.	Premises, plant and equipment and other fixed assets for the authorized institution's own use		100	
27.	Other interests in land		100	
28.	All assets not elsewhere specified, other than items 29 to 33		100	
29.				
30.				
31.				
32.				
33.				
SUBTOTAL				

Part III: Risk Weighted Off-balance Sheet Exposures

Item	Nature of item	Principal Amount HK\$'000	x Credit Conversion Factor %	x Risk Weight %	= Weighted Amount HK\$'000
1.	Direct credit substitutes				
1.1			100	0	0
1.2			100	10	
1.3			100	20	
1.4			100	50	
1.5			100	100	
SUBTOTAL					
2.	Transaction-related contingencies				
2.1			50	0	0
2.2			50	10	
2.3			50	20	
2.4			50	50	
2.5			50	100	
SUBTOTAL					
3.	Trade-related contingencies				
3.1			20	0	0
3.2			20	10	
3.3			20	20	
3.4			20	50	
3.5			20	100	
SUBTOTAL					

Item	Nature of item	Principal Amount HK\$'000	x Credit Conversion Factor %	x Risk Weight %	= Weighted Amount HK\$'000
4.	Sale and repurchase agreements				
4.1			100	0	0
4.2			100	10	
4.3			100	20	
4.4			100	50	
4.5			100	100	
SUBTOTAL					
5.	Assets sales or other transactions with recourse				
5.1			100	0	0
5.2			100	10	
5.3			100	20	
5.4			100	50	
5.5			100	100	
SUBTOTAL					
6.	Forward asset purchases				
6.1			100	0	0
6.2			100	10	
6.3			100	20	
6.4			100	50	
6.5			100	100	
SUBTOTAL					

Item	Nature of item	Principal Amount HK\$'000	x Credit Conversion Factor %	x Risk Weight %	= Weighted Amount HK\$'000
7.	Partly paid shares and securities				
7.1			100	0	0
7.2			100	10	
7.3			100	20	
7.4			100	50	
7.5			100	100	
SUBTOTAL					
8.	Forward forward deposits placed				
8.1			100	0	0
8.2			100	10	
8.3			100	20	
8.4			100	50	
8.5			100	100	
SUBTOTAL					
9.	Note issuance and revolving underwriting facilities				
9.1			50	0	0
9.2			50	10	
9.3			50	20	
9.4			50	50	
9.5			50	100	
SUBTOTAL					

Item	Nature of item	Principal Amount HK\$'000	x Credit Conversion Factor %	x Risk Weight %	= Weighted Amount HK\$'000
10.	Other commitments with an original maturity of under 1 year or unconditionally cancellable		0	0	0
11.	Other commitments with an original maturity of 1 year and over				
11.1			50	0	0
11.2			50	10	
11.3			50	20	
11.4			50	50	
11.5			50	100	
SUBTOTAL					

Only authorized institutions which are allowed to weight their exchange rate, gold and interest rate contracts under the **Original Exposure Method** should complete Items 12(a) and 13(a).

Item	Nature of item								
12a	Exchange rate and gold contracts								
	Exchange rate and gold contracts with an original maturity of 1 year or less								
	Principal Amount HK\$'000	x	Credit Conversion Factor	=	Credit Equiv. Amount HK\$'000	x	Risk Weight %	=	Weighted Amount HK\$'000
12a.1			*				0		0
12a.2			*				10		
12a.3			*				20		
12a.4			*				50		
SUBTOTAL									
	Exchange rate and gold contracts with an original maturity of over 1 year								
	Principal Amount HK\$'000	x	Credit Conversion Factor	=	Credit Equiv. Amount HK\$'000	x	Risk Weight %	=	Weighted Amount HK\$'000
12a.5			*				0		0
12a.6			*				10		
12a.7			*				20		
12a.8			*				50		
SUBTOTAL									
*	<p>Exchange rate and gold contracts not subject to bilateral netting arrangements: Credit conversion factor for contracts with an original maturity of 1 year or less is 2%. Apply an additional factor of 3% for each additional year of original maturity, e.g. for contracts with an original maturity of over 1 year to 2 years, the factor applicable is 5% (i.e. 2% + 3%)</p> <p>Exchange rate and gold contracts subject to bilateral netting arrangements: Credit conversion factor for contracts with an original maturity of 1 year or less is 1.5%. Apply an additional factor of 2.25% for each additional year of original maturity, e.g. for contracts with an original maturity of over 1 year to 2 years, the factor applicable is 3.75% (i.e. 1.5% + 2.25%).</p>								

Only authorized institutions which are allowed to weight their exchange rate, gold and interest rate contracts under the **Current Exposure Method** should complete Items 12(b) and 13(b). For treatment of these contracts which are subject to bilateral netting agreements, please refer to relevant paragraphs of the completion instructions of this return.

Item	Nature of item					
12b	Exchange rate and gold contracts					
	Exchange rate and gold contracts with a residual maturity of 1 year or less					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
12b.1					0	0
12b.2					10	
12b.3					20	
12b.4					50	
SUBTOTAL						
	* Apply the factor of 1% to exchange rate and gold contracts with a residual maturity of 1 year or less.					
	Exchange rate and gold contracts with a residual maturity of over 1 year to 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
12b.5					0	0
12b.6					10	
12b.7					20	
12b.8					50	
SUBTOTAL						
	* Apply the factor of 5% to exchange rate and gold contracts with a residual maturity of over 1 year to 5 years.					
	Exchange rate and gold contracts with a residual maturity of over 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
12b.9					0	0
12b.10					10	
12b.11					20	
12b.12					50	
SUBTOTAL						
	* Apply the factor of 7.5% to exchange rate and gold contracts with a residual maturity of over 5 years.					

Item	Nature of item								
13a	Interest rate contracts								
	Interest rate contracts with an original maturity of 1 year or less								
	Principal Amount HK\$'000	x	Credit Conversion Factor	=	Credit Equiv. Amount HK\$'000	x	Risk Weight %	=	Weighted Amount HK\$'000
13a.1			*				0		0
13a.2			*				10		
13a.3			*				20		
13a.4			*				50		
SUBTOTAL									
	Interest rate contracts with an original maturity of over 1 year								
	Principal Amount HK\$'000	x	Credit Conversion Factor	=	Credit Equiv. Amount HK\$'000	x	Risk Weight %	=	Weighted Amount HK\$'000
13a.5			*				0		0
13a.6			*				10		
13a.7			*				20		
13a.8			*				50		
SUBTOTAL									
*	<p>Interest rate contracts not subject to bilateral netting arrangements: Credit conversion factor for contracts with an original maturity of 1 year or less is 0.5%. A factor of 1% is applied to contracts with an original maturity of over 1 year to 2 years. For any other contracts with an original maturity of over 2 years, an additional factor of 1% should be added for each additional year of maturity.</p> <p>Interest rate contracts subject to bilateral netting arrangements: Credit conversion factor for contracts with an original maturity of 1 year or less is 0.35%. A factor of 0.75% is applied to contracts with an original maturity of over 1 year to 2 years. For any other contracts with an original maturity of over 2 years, an additional factor of 0.75% should be added for each additional year of maturity.</p>								

Item	Nature of item					
13b	Interest rate contracts					
	Interest rate contracts with a residual maturity of 1 year or less					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
13b.1					0	0
13b.2					10	
13b.3					20	
13b.4					50	
SUBTOTAL						
	* Apply the factor of 0% to interest rate contracts with a residual maturity of 1 year or less.					
	Interest rate contracts with a residual maturity of over 1 year to 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
13b.5					0	0
13b.6					10	
13b.7					20	
13b.8					50	
SUBTOTAL						
	* Apply the factor of 0.5% to interest rate contracts with a residual maturity of over 1 year to 5 years.					
	Interest rate contracts with a residual maturity of over 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
13b.9					0	0
13b.10					10	
13b.11					20	
13b.12					50	
SUBTOTAL						
	* Apply the factor of 1.5% to interest rate contracts with a residual maturity of over 5 years.					

All authorized institutions are required to use the **Current Exposure Method** to weight their equity, precious metals and other commodities contracts reported under items 14 to 16. For treatment of these contracts which are subject to bilateral netting agreements, please refer to relevant paragraphs of the completion instructions of this return.

Item	Nature of item					
14.	Equity contracts					
	Equity contracts with a residual maturity of 1 year or less					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
14.1					0	0
14.2					10	
14.3					20	
14.4					50	
SUBTOTAL						
	* Apply the factor of 6% to equity contracts with a residual maturity of 1 year or less.					
	Equity contracts with a residual maturity of over 1 year to 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
14.5					0	0
14.6					10	
14.7					20	
14.8					50	
SUBTOTAL						
	* Apply the factor of 8% to equity contracts with a residual maturity of over 1 year to 5 years.					
	Equity contracts with a residual maturity of over 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
14.9					0	0
14.10					10	
14.11					20	
14.12					50	
SUBTOTAL						
	* Apply the factor of 10% to equity contracts with a residual maturity of over 5 years.					

Item	Nature of item					
15.	Precious metals other than gold contracts					
	Precious metals contracts with a residual maturity of 1 year or less					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
15.1					0	0
15.2					10	
15.3					20	
15.4					50	
SUBTOTAL						
	* Apply the factor of 7% to precious metals contracts with a residual maturity of 1 year or less.					
	Precious metals contracts with a residual maturity of over 1 year to 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
15.5					0	0
15.6					10	
15.7					20	
15.8					50	
SUBTOTAL						
	* Apply the factor of 7% to precious metals contracts with a residual maturity of over 1 year to 5 years.					
	Precious metals contracts with a residual maturity of over 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
15.9					0	0
15.10					10	
15.11					20	
15.12					50	
SUBTOTAL						
	* Apply the factor of 8% to precious metals contracts with a residual maturity of over 5 years.					

Item	Nature of item					
16.	Commodities other than precious metals and gold contracts					
	Commodities contracts with a residual maturity of 1 year or less					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
16.1					0	0
16.2					10	
16.3					20	
16.4					50	
SUBTOTAL						
	* Apply the factor of 10% to commodities contracts with a residual maturity of 1 year or less.					
	Commodities contracts with a residual maturity of over 1 year to 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
16.5					0	0
16.6					10	
16.7					20	
16.8					50	
SUBTOTAL						
	* Apply the factor of 12% to commodities contracts with a residual maturity of over 1 year to 5 years.					
	Commodities contracts with a residual maturity of over 5 years					
	Principal Amount HK\$'000	Current Exposure HK\$'000	+ * Potential Exposure HK\$'000	= Credit Equiv. Amount HK\$'000	x Risk Weight %	= Weighted Amount HK\$'000
16.9					0	0
16.10					10	
16.11					20	
16.12					50	
SUBTOTAL						
	* Apply the factor of 15% to commodities contracts with a residual maturity of over 5 years.					

17 - 20 Other off-balance sheet exposures

Item	Nature of item	Principal Amount HK\$'000	Credit Equivalent Amount HK\$'000	Weighted Amount HK\$'000
17.				
18.				
19.				
20.				
SUBTOTAL				

Part IV: Calculation of the Capital Adequacy Ratio

Item	Nature of item	HK\$'000	HK\$'000	
1.	Total Capital Base After Deductions			(A)
2.	Calculation of Total Risk Weighted Exposures			
2.1	Total risk weighted on-balance sheet assets (Total of weighted amounts of all items under Part II)			
2.2	Total risk weighted off-balance sheet exposures (Total of weighted amounts of all items under Part III)			
2.3	Sum of all Risk Weighted Exposures (2.3 = 2.1 + 2.2)			
2.4	Deductions:			
(i)	General Provisions in excess of the amount permitted to be included in Supplementary Capital			
(ii)	Reserves on revaluation of land and interests in land in excess of the book value of such reserves as at end-December 1998			
	Total deductions (i) + (ii)			
2.5	Total Net Risk Weighted Exposures (2.5 = 2.3 - 2.4)			(B)
3.	Calculation of Capital Adequacy Ratio (A / B x 100%) =			%