

## Leverage Ratio

Summary Comparison Table

	Item	Leverage ratio framework 31 December 2016 HK\$'000	Leverage ratio framework 31 December 2015 HK\$'000
1	Total consolidated assets as per published financial statements	6,306,631	6,345,395
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4	Adjustments for derivative financial instruments	-	-
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	-	-
7	Other adjustments	(812)	(1,407)
8	<b>Leverage ratio exposure</b>	<b>6,305,819</b>	<b>6,343,988</b>

## Leverage Ratio

## Leverage Ratio Common Disclosure Template

	Item	Leverage ratio framework 31 December 2016 HK\$'000	Leverage ratio framework 31 December 2015 HK\$'000
<b>On-balance sheet exposures</b>			
1	On-balance sheet items (excluding derivatives and securities financing transactions ("SFTs"), but including collateral)	6,306,631	6,345,396
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	(812)	(1,408)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	6,305,819	6,343,988
<b>Derivative exposures</b>			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-	-
5	Add-on amounts for potential future exposure ("PFE") associated with all derivatives transactions	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions (reported as negative amounts)	-	-
8	Less: Exempted central counterparty ("CCP") leg of client-cleared trade exposures (reported as negative amounts)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives (reported as negative amounts)	-	-
11	Total derivative exposures (sum of lines 4 to 10)	-	-
<b>Securities financing transaction exposures</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets (reported as negative amounts)	-	-
14	Counterparty credit risk ("CCR") exposure for SFT assets	-	-
15	Agent transactions exposures	-	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-	-
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	-	-
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	-	-
19	Off-balance sheet items (sum of lines 17 and 18)	-	-
<b>Capital and total exposures</b>			
20	Tier 1 capital	519,056	632,303
21	Total exposures (sum of lines 3, 11, 16 and 19)	6,305,819	6,343,988
<b>Leverage ratio</b>			
22	Basel III leverage ratio	8.23%	9.97%

The decrease in leverage ratio during the year is mainly due to the effect of the payment of interim dividend for 2016 and partly offset by the profit retained in 2016.