上海商業銀行
SHANGHAI COMMERCIAL BANK

REGULATORY DISCLOSURES

As at 30 June 2017
(Unaudited)

CONTENTS

1 CAPITAL STRUCTURE AND ADEQUACY **1**

2 OVERVIEW OF RWA **14**

3 COUNTERCYCLICAL CAPITAL BUFFER ('CCYB') RATIO **15**

4 LEVERAGE RATIO **17**

5 CREDIT RISK **19**

6 COUNTERPARTY CREDIT RISK **22**

7 MARKET RISK **23**

8 LIQUIDITY MAINTENANCE RATIO **24**

1 CAPITAL STRUCTURE AND ADEQUACY

The calculation of the capital adequacy ratios as at 30th June 2017 and 31st December 2016 is based on the Banking (Capital) Rules ('BCR'). The capital adequacy ratios represent the consolidated ratios of the Bank's Hong Kong offices and its overseas branches, Shacom Property (CA) Inc., Shacom Property (NY) Inc., Shacom Property Holdings (BVI) Limited, Shacom Investment Limited, Shacom Assets Investments Limited, Right Honour Investments Limited, Glory Step Investments Limited, Silver Wisdom Investments Limited, Shacom Insurance Brokers Limited, KCC 23F Limited, KCC 25F Limited, and KCC 26F Limited computed in accordance with Section 3C(1) of the BCR.

For accounting purposes, the basis of consolidation is described in Note 5 to the Group Interim Financial Disclosure Statement.

The table below presents the balance sheets based on the accounting scope of consolidation and the regulatory scope of consolidation respectively as at 30th June 2017.

	Balance sheet as in published financial statements	Under regulatory scope of consolidation
Assets		
Cash and balances with banks	**27,083,403**	**27,079,797**
Placements with and loans and advances to banks	**22,219,831**	**22,219,831**
Loans and advances to customers	**73,398,117**	**73,398,117**
Financial assets held for trading	**1,037,779**	**1,000,315**
Derivative financial instruments	**129,505**	**129,505**
Available-for-sale investments	**48,169,935**	**48,113,315**
Held-to-maturity investments	**2,484,639**	**2,484,639**
Properties for sale	**363,452**	**363,452**
Investments in joint ventures	**334,248**	**113,000**
Investments in and amounts due from subsidiaries	**-**	**187,856**
Properties and equipment	**2,407,502**	**2,410,876**
Investment properties	**1,024,143**	**1,024,143**
Deferred income tax assets	**56,390**	**56,372**
Other assets	**958,950**	**909,796**
Total assets	**179,667,894**	**179,491,014**
Liabilities		
Deposits and balances from banks	**8,476,013**	**8,476,013**
Deposits from customers	**142,611,631**	**142,611,631**
Derivatives financial instruments	**83,922**	**83,922**
Amounts due to subsidiaries	**-**	**362,810**
Other liabilities	**2,050,765**	**1,910,348**
Provisions	**94,709**	**93,709**
Current income tax liabilities	**233,931**	**232,445**
Deferred income tax liabilities	**612,324**	**612,240**
Total liabilities	**154,163,295**	**154,383,118**
Equity		
Share capital	**2,000,000**	**2,000,000**
Retained earnings	**12,304,625**	**12,003,155**
Reserves	**11,126,330**	**11,104,741**
Non-controlling interests	**73,644**	**-**
Total equity	**25,504,599**	**25,107,896**
Total equity and liabilities	**179,667,894**	**179,491,014**

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

The table below shows the reconciliation of the capital components from balance sheet based on regulatory scope of consolidation to the Capital Disclosures Template as at 30th June 2017.

	Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	Cross reference to Definition of Capital Components
Assets			
Cash and balances with banks	**27,083,403**	**27,079,797**	
Placements with and loans and advances to banks	**22,219,831**	**22,219,831**	
Loans and advances to customers	**73,398,117**	**73,398,117**	
of which: collective impairment allowances reflected in regulatory capital		***292,658***	(1)
Financial assets held for trading	**1,037,779**	**1,000,315**	
of which: insignificant capital investments in financial sector entities exceeding 10% threshold		***10,449***	(2)
Derivative financial instruments	**129,505**	**129,505**	
Available-for-sale investments	**48,169,935**	**48,113,315**	
of which: insignificant capital investments in financial sector entities exceeding 10% threshold		***2,920,206***	(3)
Held-to-maturity investments	**2,484,639**	**2,484,639**	
Properties for sale	**363,452**	**363,452**	
Investments in joint ventures	**334,248**	**113,000**	
Investments in and amounts due from subsidiaries	**-**	**187,856**	
Properties and equipment	**2,407,502**	**2,410,876**	
Investment properties	**1,024,143**	**1,024,143**	
Deferred income tax assets	**56,390**	**56,372**	(4)
Other assets	**958,950**	**909,796**	
Total assets	**179,667,894**	**179,491,014**	
Liabilities			
Deposits and balances from banks	**8,476,013**	**8,476,013**	
Deposits from customers	**142,611,631**	**142,611,631**	
Derivatives financial instruments	**83,922**	**83,922**	
Amounts due to subsidiaries	**-**	**362,810**	
Other liabilities	**2,050,765**	**1,910,348**	
Provisions	**94,709**	**93,709**	
Current income tax liabilities	**233,931**	**232,445**	
Deferred income tax liabilities	**612,324**	**612,240**	
Total liabilities	**154,163,295**	**154,383,118**	
Equity			
Share capital	**2,000,000**	**2,000,000**	
of which: paid-in share capital		***2,000,000***	(5)
Retained earnings	**12,304,625**	**12,003,155**	
of which: retained earnings		***12,003,155***	(6)
Reserves	**11,126,330**	**11,104,741**	
of which: accumulated other comprehensive income/ (loss), other than regulatory reserve		***10,399,104***	(7)
regulatory reserve		***705,637***	(8)
Non-controlling interests	**73,644**	**-**	
Total equity	**25,504,599**	**25,107,896**	
Total equity and liabilities	**179,667,894**	**179,491,014**	

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

The Bank has already applied full capital deductions under the BCR. The Capital Disclosures Template as at 30th June 2017 is shown below.

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	**2,000,000**	(5)
2	Retained earnings	**12,003,155**	(6)
3	Disclosed reserves	**11,104,741**	(7)+(8)
4	Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	**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)	**-**	
6	**CET1 capital before regulatory deductions**	**25,107,896**	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	**-**	
8	Goodwill (net of associated deferred tax liability)	**-**	
9	Other intangible assets (net of associated deferred tax liability)	**-**	
10	Deferred tax assets net of deferred tax liabilities	**56,372**	(4)
11	Cash flow hedge reserve	**-**	
12	Excess of total EL amount over total eligible provisions under the 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 CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	**-**	
17	Reciprocal cross-holdings in CET1 capital instruments	**-**	
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)	**2,930,655**	(2) + (3)
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)	**-**	
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	**705,637**	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	**-**	
26b	Regulatory reserve for general banking risks	**705,637**	(8)
26c	Securitization exposures specified in a notice given by the Monetary Authority	**-**	

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
CET1 capital: regulatory deductions (Continued)			
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	**Total regulatory deductions to CET1 capital**	**3,692,664**	
29	**CET1 capital**	**21,415,232**	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Capital instruments subject to phase out arrangements from AT1 capital	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	-	
36	**AT1 capital before regulatory deductions**	-	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
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)	-	
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	**Total regulatory deductions to AT1 capital**	-	
44	**AT1 capital**	-	
45	**Tier 1 capital (Tier 1 = CET1 + AT1)**	**21,415,232**	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	Capital instruments subject to phase out arrangements from Tier 2 capital	-	
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)	-	
49	of which: capital instruments issued by subsidiaries subject to phase out arrangements	-	
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	**998,295**	(1) + (8)
51	**Tier 2 capital before regulatory deductions**	**998,295**	

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
	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	-	
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	-	
57	**Total regulatory deductions to Tier 2 capital**	-	
58	**Tier 2 capital**	**998,295**	
59	**Total capital (Total capital = Tier 1 + Tier 2)**	**22,413,527**	
60	**Total risk weighted assets**	**127,584,724**	
	Capital ratios (as a percentage of risk weighted assets)		
61	CET1 capital ratio	**16.8%**	
62	Tier 1 capital ratio	**16.8%**	
63	Total capital ratio	**17.6%**	
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	**6.5%**	
65	of which: capital conservation buffer requirement	**1.250%**	
66	of which: bank specific countercyclical buffer requirement	**0.8%**	
67	of which: G-SIB and D-SIB buffer requirement	**0.0%**	
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.3B of the BCR	**12.3%**	
	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	**2,434,590**	
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	**392,094**	
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**	

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
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)	**998,295**	
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	**1,466,940**	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	**-**	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	**-**	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 capital instruments subject to phase out arrangements	**Not applicable**	
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)	**Not applicable**	
82	Current cap on AT1 capital instruments subject to phase out arrangements	**-**	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	**-**	
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	**-**	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	**-**	

Note to the template:
Element 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
10	**Deferred tax assets net of deferred tax liabilities ('DTA')**	**56,372**	-
	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 authorised institution 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 mortgage servicing rights, 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.		
Remarks: The amount of the 10%/ 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the BCR.			

Abbreviations:
CET1 = Common Equity Tier 1
AT1 = Additional Tier 1

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

The table below presents the balance sheets based on the accounting scope of consolidation and the regulatory scope of consolidation respectively as at 31st December 2016.

	Balance sheet as in published financial statements	Under regulatory scope of consolidation
Assets		
Cash and balances with banks	24,620,495	24,616,688
Placements with and loans and advances to banks	26,562,967	26,562,967
Loans and advances to customers	64,519,998	64,519,998
Financial assets held for trading	526,401	494,370
Derivative financial instruments	239,247	239,247
Available-for-sale investments	45,462,697	45,370,130
Held-to-maturity investments	2,515,363	2,515,363
Properties for sale	358,788	358,788
Investments in joint ventures	303,571	116,000
Investments in and amounts due from subsidiaries	-	187,206
Properties and equipment	2,336,588	2,317,695
Investment properties	1,027,780	1,055,514
Deferred income tax assets	55,860	55,852
Other assets	839,515	788,860
Total assets	169,369,270	169,198,678
Liabilities		
Deposits and balances from banks	5,901,152	5,901,152
Deposits from customers	136,884,334	136,884,334
Derivatives financial instruments	221,120	221,120
Amounts due to subsidiaries	-	329,588
Other liabilities	1,372,306	1,229,813
Provisions	94,612	92,806
Current income tax liabilities	39,177	38,800
Deferred income tax liabilities	476,878	476,850
Total liabilities	144,989,579	145,174,463
Equity		
Share capital	2,000,000	2,000,000
Retained earnings	11,950,747	11,681,933
Reserves	10,357,664	10,342,282
Non-controlling interests	71,280	-
Total equity	24,379,691	24,024,215
Total equity and liabilities	169,369,270	169,198,678

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

The table below shows the reconciliation of the capital components from balance sheet based on regulatory scope of consolidation to the Capital Disclosures Template as at 31st December 2016.

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
Assets			
Cash and balances with banks	24,620,495	24,616,688	
Placements with and loans and advances to banks	26,562,967	26,562,967	
Loans and advances to customers	64,519,998	64,519,998	
of which: collective impairment allowances reflected in regulatory capital		*257,747*	(1)
Financial assets held for trading	526,401	494,370	
of which: insignificant capital investments in financial sector entities exceeding 10% threshold		*5,411*	(2)
Derivative financial instruments	239,247	239,247	
Available-for-sale investments	45,462,697	45,370,130	
of which: insignificant capital investments in financial sector entities exceeding 10% threshold		*2,147,144*	(3)
Held-to-maturity investments	2,515,363	2,515,363	
Properties for sale	358,788	358,788	
Investments in joint ventures	303,571	116,000	
Investments in and amounts due from subsidiaries	-	187,206	
Properties and equipment	2,336,588	2,317,695	
Investment properties	1,027,780	1,055,514	
Deferred income tax assets	55,860	55,852	(4)
Other assets	839,515	788,860	
Total assets	169,369,270	169,198,678	
Liabilities			
Deposits and balances from banks	5,901,152	5,901,152	
Deposits from customers	136,884,334	136,884,334	
Derivatives financial instruments	221,120	221,120	
Amounts due to subsidiaries	-	329,588	
Other liabilities	1,372,306	1,229,813	
Provisions	94,612	92,806	
Current income tax liabilities	39,177	38,800	
Deferred income tax liabilities	476,878	476,850	
Total liabilities	144,989,579	145,174,463	
Equity			
Share capital	2,000,000	2,000,000	
of which: paid-in share capital		*2,000,000*	(5)
Retained earnings	11,950,747	11,681,933	
of which: retained earnings		*11,681,933*	(6)
Reserves	10,357,664	10,342,282	
of which: accumulated other comprehensive income/ (loss), other than regulatory reserve		*9,638,180*	(7)
regulatory reserve		*704,102*	(8)
Non-controlling interests	71,280	-	
Total equity	24,379,691	24,024,215	
Total equity and liabilities	169,369,270	169,198,678	

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

The Group has already applied full capital deductions under the BCR. The Capital Disclosures Template as at 31st December 2016 is shown below.

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	2,000,000	(5)
2	Retained earnings	11,681,933	(6)
3	Disclosed reserves	10,342,282	(7) + (8)
4	Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	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)	-	
6	**CET1 capital before regulatory deductions**	**24,024,215**	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liability)	-	
9	Other intangible assets (net of associated deferred tax liability)	-	
10	Deferred tax assets net of deferred tax liabilities	55,852	(4)
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Gain-on-sale arising from securitisation 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 CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
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)	2,040,829	(2) + (3) - (9)
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)	-	
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	704,102	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	
26b	Regulatory reserve for general banking risks	704,102	(8)
26c	Securitisation exposures specified in a notice given by the Monetary Authority	-	

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
CET1 capital: regulatory deductions (Continued)			
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	**Total regulatory deductions to CET1 capital**	**2,800,783**	
29	**CET1 capital**	**21,223,432**	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Capital instruments subject to phase out arrangements from AT1 capital	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements	-	
36	**AT1 capital before regulatory deductions**	**-**	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
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)	-	
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	**Total regulatory deductions to AT1 capital**	**-**	
44	**AT1 capital**	**-**	
45	**Tier 1 capital (Tier 1 = CET1 + AT1)**	**21,223,432**	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	Capital instruments subject to phase out arrangements from Tier 2 capital	-	
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)	-	
49	of which: capital instruments issued by subsidiaries subject to phase out arrangements	-	
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	961,849	(1) + (8)
51	**Tier 2 capital before regulatory deductions**	**961,849**	

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
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)	111,726	(9)
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	-	
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	-	
57	**Total regulatory deductions to Tier 2 capital**	**111,726**	
58	**Tier 2 capital**	**850,123**	
59	**Total capital (Total capital = Tier 1 + Tier 2)**	**22,073,555**	
60	**Total risk weighted assets**	**118,217,415**	
Capital ratios (as a percentage of risk weighted assets)			
61	CET1 capital ratio	18.0%	
62	Tier 1 capital ratio	18.0%	
63	Total capital ratio	18.7%	
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	5.5%	
65	of which: capital conservation buffer requirement	0.625%	
66	of which: bank specific countercyclical buffer requirement	0.4%	
67	of which: G-SIB and D-SIB buffer requirement	0.0%	
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.3B of the BCR	13.5%	
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	2,326,426	
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	371,240	
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	

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
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 standardised (credit risk) approach (prior to application of cap)	961,849	
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardised (credit risk) approach	1,357,461	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 capital instruments subject to phase out arrangements	Not applicable	
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)	Not applicable	
82	Current cap on AT1 capital instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	-	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	-	

Note to the template:
Element 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
10	**Deferred tax assets net of deferred tax liabilities ('DTA')**	**55,852**	-
	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 authorised institution 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 mortgage servicing rights, 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.		
Remarks: The amount of the 10%/ 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the BCR.			

Abbreviations:
CET1 = Common Equity Tier 1
AT1 = Additional Tier 1

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

The Main Features Template as at 30th June 2017 and 31st December 2016 is shown below:

1	Issuer	Shanghai Commercial Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	Laws of Hong Kong
	Regulatory treatment	
4	Transitional Basel III rules[#]	NA
5	Post-transitional Basel III rules[+]	Common Equity Tier 1
6	Eligible at solo*/group/group & solo	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK$2,000
9	Par value of instrument	NA
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1951, 1968, 1969 ,1970, 1972, 1973, 1975, 1979, 1981, 1985, 1988, 1990, 1991, 1996, 2000
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Footnotes:

Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the BCR

+ Regulatory treatment of capital instruments not subject to transitional arrangement provided for in Schedule 4H of the BCR

* Include solo-consolidated

NA Not applicable

2 OVERVIEW OF RWA

The table below shows the breakdowns of RWA for various risks as at 30th June 2017 and 31st March 2017 and the accordingly minimum capital requirments as at 30th June 2017 which are made by multiplying the Group's RWA by 8%.

		RWA		Minimum capital requirements
		30th June 2017	31st March 2017	**30th June 2017**
1	Credit risk for non-securitization exposures	**116,169,729**	111,790,257	**9,293,578**
2	Of which STC approach	**116,169,729**	111,790,257	**9,293,578**
2a	Of which BSC approach	**-**	-	**-**
3	Of which IRB approach	**-**	-	**-**
4	Counterparty credit risk	**279,160**	246,406	**22,333**
5	Of which SA-CCR	**-**	-	**-**
5a	Of which CEM	**205,235**	174,356	**16,419**
6	Of which IMM(CCR) approach	**-**	-	**-**
7	Equity positions in banking book under market-based approach	**-**	-	**-**
8	CIS exposures – LTA	**-**	-	**-**
9	CIS exposures – MBA	**-**	-	**-**
10	CIS exposures – FBA	**-**	-	**-**
11	Settlement risk	**-**	-	**-**
12	Securitization exposures in banking book	**-**	-	**-**
13	Of which IRB(S) approach – ratings-based method	**-**	-	**-**
14	Of which IRB(S) approach – supervisory formula method	**-**	-	**-**
15	Of which STC(S) approach	**-**	-	**-**
16	Market risk	**3,101,750**	3,322,438	**248,140**
17	Of which STM approach	**3,101,750**	3,322,438	**248,140**
18	Of which IMM approach	**-**	-	**-**
19	Operational risk	**7,053,850**	6,823,050	**564,308**
20	Of which BIA approach	**7,053,850**	6,823,050	**564,308**
21	Of which STO approach	**-**	-	**-**
21a	Of which ASA approach	**-**	-	**-**
22	Of which AMA approach	**N/A**	N/A	**N/A**
23	Amounts below the thresholds for deduction (subject to 250% RW)	**980,235**	980,945	**78,419**
24	Capital floor adjustment	**-**	-	**-**
24a	Deduction to RWA	**-**	-	**-**
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	**-**	-	**-**
24c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	**-**	-	**-**
25	**Total**	**127,584,724**	123,163,096	**10,206,778**

N/A: Not applicable in the case of Hong Kong

3 COUNTERCYCLICAL CAPITAL BUFFER ('CCYB') RATIO

CCyB ratio is calculated as the weighted average of the applicable jurisdictional CCyB ('JCCyB') ratio effective at the date for which the determination is made, in respect of the jurisdictions (including Hong Kong) where the Bank has private sector credit exposures. The weight to be attributed to a given jurisdiction's applicable CCyB ratio is the ratio of the Bank's aggregate RWA for its private sector credit exposures (in both the banking book and the trading book) in that jurisdiction where the location of the exposures is determined as far as possible on an ultimate risk basis to the sum of the Bank's aggregate RWA across all jurisdictions in which the Bank has private sector credit exposures.

Key drivers for the changes in exposure amounts include asset quality, credit growth and credit portfolio. The applicable JCCyB ratio for Hong Kong is determined by the Hong Kong Monetary Authority ('HKMA') based on the Initial Reference Calculator that is transparently calculated and made public, while the applicable JCCyB ratio in respect of a given jurisdiction outside Hong Kong may differ from the JCCyB ratio as determined by the relevant authority in that jurisdiction if the HKMA has determined and announced the application of a higher or lower rate.

The following table shows the CCyB ratio, the geographical breakdown of the RWA in relation to private sector credit exposures that are relevant to the calculation of CCyB ratio and the applicable JCCyB ratio corresponding to each jurisdiction for calculating CCyB ratio as at 30th June 2017.

	Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio of AI	CCyB ratio of AI	CCyB amount of AI
		%	HK$'000	%	HK$'000
1	Hong Kong	**1.250%**	**52,913,877**		
2	Mainland China	**0.000%**	**6,113,441**		
3	Australia	**0.000%**	**7,646**		
4	Belgium	**0.000%**	**557**		
5	Bermuda	**0.000%**	**863,633**		
6	Brazil	**0.000%**	**42**		
7	Cambodia	**0.000%**	**255**		
8	Canada	**0.000%**	**43,004**		
9	Cayman Islands	**0.000%**	**653,565**		
10	Dominican Republic	**0.000%**	**16**		
11	Finland	**0.000%**	**458**		
12	France	**0.000%**	**18,646**		
13	Germany	**0.000%**	**435**		
14	India	**0.000%**	**1,077**		
15	Indonesia	**0.000%**	**1,599**		
16	Italy	**0.000%**	**913**		
17	Japan	**0.000%**	**175,795**		
18	Macao	**0.000%**	**96,041**		
19	Madagascar	**0.000%**	**1,416**		
20	Malaysia	**0.000%**	**4**		
21	Netherlands	**0.000%**	**2**		
22	New Zealand	**0.000%**	**35,149**		
23	Portugal	**0.000%**	**122**		
24	Singapore	**0.000%**	**153,988**		
25	South Africa	**0.000%**	**2,783**		
26	South Korea	**0.000%**	**23**		
27	Sweden	**2.000%**	**16**		
28	Switzerland	**0.000%**	**806**		
29	Chinese Taipei	**0.000%**	**1,132,799**		
30	Thailand	**0.000%**	**9,551**		
31	United Kingdom	**0.000%**	**344,954**		
32	United States	**0.000%**	**20,366,577**		
33	West Indies UK	**0.000%**	**1,131,549**		
	Total		**84,070,739**	**0.79%**	**661,423**

3 COUNTERCYCLICAL CAPITAL BUFFER ('CCYB') RATIO (CONTINUED)

The following table shows the CCyB ratio, the geographical breakdown of the RWA in relation to private sector credit exposures that are relevant to the calculation of CCyB ratio and the applicable JCCyB ratio corresponding to each jurisdiction for calculating CCyB ratio as at 31st December 2016.

	Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio of AI	CCyB ratio of AI	CCyB amount of AI
		%	HK$'000	%	HK$'000
1	Hong Kong	0.625%	44,959,418		
2	Mainland China	0.000%	4,321,643		
3	Australia	0.000%	6,778		
4	Belgium	0.000%	436		
5	Bermuda	0.000%	576,497		
6	Brazil	0.000%	26		
7	Cambodia	0.000%	246		
8	Canada	0.000%	45,323		
9	Cayman Islands	0.000%	1,137,553		
10	Chile	0.000%	70		
11	Dominican Republic	0.000%	17		
12	Finland	0.000%	474		
13	France	0.000%	14,890		
14	Germany	0.000%	330		
15	India	0.000%	1,162		
16	Indonesia	0.000%	2,394		
17	Italy	0.000%	2,577		
18	Japan	0.000%	107,161		
19	Macao	0.000%	50,256		
20	Madagascar	0.000%	1,490		
21	Malaysia	0.000%	7		
22	New Zealand	0.000%	33,435		
23	Philippines	0.000%	2,208		
24	Portugal	0.000%	85		
25	Singapore	0.000%	17,022		
26	South Africa	0.000%	2,722		
27	South Korea	0.000%	3		
28	Sweden	1.500%	99		
29	Switzerland	0.000%	817		
30	Chinese Taipei	0.000%	1,141,279		
31	Thailand	0.000%	10,702		
32	United Kingdom	0.000%	427,172		
33	United States	0.000%	17,734,240		
34	West Indies UK	0.000%	2,676,320		
	Total		73,274,852	0.38%	280,997

4 LEVERAGE RATIO

The leverage ratios represent the consolidated ratios computed in the same regulatory consolidation basis as the capital adequacy ratio. The table below presents the Summary Comparison Table as at 30th June 2017 and 31st December 2016.

	Item	Leverage ratio framework	
		30th June 2017	31st December 2016
1	Total consolidated assets as per published financial statements	**179,667,894**	169,369,270
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(176,880)**	(170,592)
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	**425,743**	434,594
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)	**10,221,771**	10,080,701
7	Other adjustments	**(3,400,006)**	(2,543,036)
8	Leverage ratio exposure	**186,738,522**	177,170,937

The Leverage Ratio Common Disclosure Template as at 30th June 2017 and 31st December 2016 is shown below:

	Item	Leverage ratio framework	
		30th June 2017	31st December 2016
	On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	**179,654,167**	169,217,178
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	**(3,692,664)**	(2,800,783)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	**175,961,503**	166,416,395
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	**129,505**	239,247
5	Add-on amounts for PFE associated with all derivatives transactions	**425,743**	434,594
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 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)	**555,248**	673,841

4 LEVERAGE RATIO (CONTINUED)

	Item	Leverage ratio framework	
		30th June 2017	31st December 2016
	Securities financing transaction exposures		
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	CCR exposure for SFT assets	**-**	-
15	Agent transaction exposures	**-**	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	**-**	-
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	**45,614,523**	44,479,680
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	**(35,392,752)**	(34,398,979)
19	Off-balance sheet items (sum of lines 17 and 18)	**10,221,771**	10,080,701
	Capital and total exposures		
20	Tier 1 capital	**21,415,232**	21,223,432
21	Total exposures (sum of lines 3, 11, 16 and 19)	**186,738,522**	177,170,937
	Leverage ratio		
22	**Basel III leverage ratio**	**11.47%**	11.98%

Abbreviations:
CCP Central counterparty
CCR Counterparty credit risk
PFE Potential future exposure
SFT Securities financing transactions

5 CREDIT RISK

(a) Credit quality of exposures as at 30th June 2017

		Gross carrying amounts of		Allowances / impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	194,076	73,539,546	335,505	**73,398,117**
2	Debt securities	-	45,160,441	-	**45,160,441**
3	Off-balance sheet exposures	-	13,582,042	-	**13,582,042**
4	**Total**	**194,076**	**132,282,029**	**335,505**	**132,140,600**

(b) Changes in defaulted loans and debt securities

		Amount
1	Defaulted loans and debt securities as at end December 2016	193,616
2	Loans and debt securities that have defaulted since the last reporting period	6,161
3	Returned to non-defaulted status	-
4	Amounts written off	(89)
5	Other changes	(5,612)
6	**Defaulted loans and debt securities as at end June 2017**	**194,076**

(c) Overview of recognized credit risk mitigation as at 30th June 2017

		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	65,500,721	7,897,396	6,614,177	1,283,219	-
2	Debt securities	45,160,441	-	-	-	-
3	**Total**	**110,661,162**	**7,897,396**	**6,614,177**	**1,283,219**	**-**
4	Of which defaulted	6,416	155,665	155,665	-	-

5 CREDIT RISK (CONTINUED)

(d) Credit risk exposures and effects of recognized credit risk mitigation – for STC approach as at 30th June 2017

	Exposure classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	19,568,630	-	19,568,630	-	428,270	2%
2	PSE exposures	-	-	-	-	-	0%
2a	Of which: domestic PSEs	-	-	-	-	-	0%
2b	Of which: foreign PSEs	-	-	-	-	-	0%
3	Multilateral development bank exposures	16,067	-	16,067	-	-	0%
4	Bank exposures	65,841,324	397,344	66,660,494	94,079	30,260,254	45%
5	Securities firm exposures	649,443	243,671	649,443	-	324,722	50%
6	Corporate exposures	59,915,931	34,359,569	58,051,067	6,350,793	61,825,009	96%
7	CIS exposures	-	-	-	-	-	0%
8	Cash items	345,858	-	1,408,252	-	118,752	8%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	0%
10	Regulatory retail exposures	4,905,039	2,962,032	4,895,424	166,444	3,796,403	75%
11	Residential mortgage loans	10,515,903	715,627	10,515,903	354,408	5,823,497	54%
12	Other exposures which are not past due exposures	13,762,359	6,936,280	13,755,274	52,799	13,415,979	97%
13	Past due exposures	173,357	-	173,357	-	176,843	102%
14	Significant exposures to commercial entities	-	-	-	-	-	0%
15	**Total**	**175,693,911**	**45,614,523**	**175,693,911**	**7,018,523**	**116,169,729**	**64%**

5 CREDIT RISK (CONTINUED)

(e) Credit risk exposures by asset classes and by risk weights – for STC approach as at 30th June 2017

	Risk Weight / Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	17,427,278	-	2,141,352	-	-	-	-	-	-	-	**19,568,630**
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	**-**
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	**-**
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	**-**
3	Multilateral development bank exposures	16,067	-	-	-	-	-	-	-	-	-	**16,067**
4	Bank exposures	-	-	18,427,277	-	43,505,274	-	4,821,742	280	-	-	**66,754,573**
5	Securities firm exposures	-	-	-	-	649,443	-	-	-	-	-	**649,443**
6	Corporate exposures	-	-	-	-	5,153,699	-	59,248,161	-	-	-	**64,401,860**
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	**-**
8	Cash items	884,216	-	506,605	-	-	-	17,431	-	-	-	**1,408,252**
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	**-**
10	Regulatory retail exposures	-	-	-	-	-	5,061,868	-	-	-	-	**5,061,868**
11	Residential mortgage loans	-	-	-	7,660,795	-	269,190	2,940,326	-	-	-	**10,870,311**
12	Other exposures which are not past due exposures	-	-	-	-	-	-	13,415,979	-	392,094	-	**13,808,073**
13	Past due exposures	-	-	-	-	-	-	166,385	6,972	-	-	**173,357**
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	**-**
15	**Total**	**18,327,561**	**-**	**21,075,234**	**7,660,795**	**49,308,416**	**5,331,058**	**80,610,024**	**7,252**	**392,094**	**-**	**182,712,434**

6 COUNTERPARTY CREDIT RISK

(a) Analysis of counterparty default risk exposures (other than those to CCPs) by approaches as at 30th June 2017

		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	-	-		1.4	-	-
1a	CEM	126,925	425,743		-	552,668	205,235
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					-	-
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	**Total**						**205,235**

(b) CVA capital charge as at 30th June 2017

		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method		
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	552,668	73,925
4	**Total**	**552,668**	**73,925**

(c) Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach as at 30th June 2017

	Risk Weight / Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	**-**
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	**-**
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	**-**
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	**-**
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	**-**
4	Bank exposures	-	-	341,689	-	145,694	-	476	-	-	-	**487,859**
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	**-**
6	Corporate exposures	-	-	-	-	2,470	-	61,797	-	-	-	**64,267**
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	**-**
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	**-**
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	**-**
10	Other exposures which are not past due exposures	-	-	-	-	-	-	542	-	-	-	**542**
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	**-**
12	**Total**	**-**	**-**	**341,689**	**-**	**148,164**	**-**	**62,815**	**-**	**-**	**-**	**552,668**

6 COUNTERPARTY CREDIT RISK (CONTINUED)

(d) Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)

The Group does not have any collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs) as at 30th June 2017.

(e) Credit-related derivatives contracts

The Group does not have any credit-related derivatives contracts as at 30th June 2017.

(f) Exposures to CCPs

The Group does not have any exposures to CCPs as at 30th June 2017.

7 MARKET RISK

Market risk under STM approach as at 30th June 2017

		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	803,550
2	Equity exposures (general and specific risk)	143,200
3	Foreign exchange (including gold) exposures	2,155,000
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	**Total**	**3,101,750**

8 LIQUIDITY MAINTENANCE RATIO

	30th June 2017	30th June 2016
Liquidity maintenance ratio ('LMR')	**45.0%**	50.5%

The LMR is calculated as the simple average of each calendar month's average LMR for the six months of financial period of the Bank's Hong Kong offices, overseas branches, Shacom Investment Limited and Shacom Assets Investments Limited computed in accordance with the Banking (Liquidity) Rules.

The Group's liquidity is managed by the Treasury Division and monitored by the management and the Asset and Liability Committee in accordance with the guidelines and procedures laid down in the liquidity risk management policy approved by the Board of Directors, which have regard to a variety of factors, including liquidity maintenance ratio, loan to deposit ratio, liquidity cushion, maturity mismatch profile, diversity and stability of the deposit base and ability to borrow in the interbank market to ensure that both the funding liquidity and market liquidity are properly handled. An adequate stock of high quality liquid assets is being maintained at all times, in order to enable the Group to meet deposit withdrawals, to repay interbank borrowings, and to make new loans and investments as and when required in a timely and cost effective manner under both normal business conditions and emergency situations.

The Group's liquidity management process, as carried out within the Group and monitored by management, includes:
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring liquidity maintenance ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

The Group conducts stress testing regularly to analyse liquidity risk in accordance with the Supervisory Policy Manual ('SPM') LM-2 'Sound Systems and Controls for Liquidity Risk Management' of the HKMA. The Group's stress tests are conducted with hypothetical as well as historical assumptions. Both funding and market liquidity risks are addressed. The Group also performs reverse stress-testing in accordance with the HKMA's SPM IC-5 'Stress-testing'. It is a process of working backwards from the event causing business failures and involves a mix of qualitative and quantitative analyses.

The Group uses results of stress-testing and reverse stress-testing to strengthen resilience to liquidity stress and serve as early-warning triggers for the formulation of management actions and contingency funding plan to mitigate potential stress and vulnerability which the Group might face.