上海商業銀行
SHANGHAI COMMERCIAL BANK

CAPITAL DISCLOSURES

As at 31st December 2013

Capital structure and adequacy

The calculation of the capital adequacy ratio as at 31st December 2013 is based on the Banking (Capital) Rules ('BCR') effective from 1st January 2013. The capital adequacy ratio as at 31st December 2013 represents the consolidated ratio of the Bank, 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 and Shacom Insurance Brokers Limited computed in accordance with section 3C(1) of the BCR.

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 2013	Balance sheet as in published financial statements	Under regulatory scope of consolidation
Assets		
Cash and balances with banks	**25,396,151**	**25,396,105**
Placements with and loans and advances to banks	**23,266,965**	**23,266,965**
Loans and advances to customers	**62,093,205**	**62,093,205**
Financial assets held for trading	**368,882**	**353,028**
Derivative financial instruments	**73,485**	**73,485**
Investment securities:		
– Available-for-sale	**25,472,136**	**25,356,844**
– Held-to-maturity	**2,484,874**	**2,480,890**
Investments in joint ventures	**234,456**	**116,000**
Investments in and amounts due from subsidiary companies	**–**	**184,449**
Properties and equipment	**2,424,014**	**2,401,437**
Investment properties	**92,495**	**121,368**
Deferred income tax assets	**50,430**	**50,276**
Other assets	**1,113,762**	**639,102**
Total assets	**143,070,855**	**142,533,154**
Liabilities		
Deposits and balances from banks	**7,108,798**	**7,108,798**
Deposits from customers	**113,641,193**	**113,641,193**
Derivatives financial instruments	**61,805**	**61,805**
Amounts due to subsidiary companies	**–**	**248,564**
Other liabilities	**1,282,470**	**761,542**
Provisions	**93,064**	**92,270**
Current income tax liabilities	**141,000**	**140,763**
Deferred income tax liabilities	**240,543**	**240,522**
Total liabilities	**122,568,873**	**122,295,457**
Equity		
Share capital	**2,000,000**	**2,000,000**
Retained earnings	**9,245,499**	**9,044,823**
Other reserves	**9,192,221**	**9,192,874**
Non-controlling interests	**64,262**	**–**
Total equity	**20,501,982**	**20,237,697**
Total equity and liabilities	**143,070,855**	**142,533,154**

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 2013	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	**25,396,151**	**25,396,105**	
Placements with and loans and advances to banks	**23,266,965**	**23,266,965**	
Loans and advances to customers	**62,093,205**	**62,093,205**	
of which: collective impairment allowances reflected in regulatory capital		***244,088***	(1)
Financial assets held for trading	**368,882**	**353,028**	
of which: insignificant capital investments in financial sector entities exceeding 10% threshold		***6,509***	(2)
Derivative financial instruments	**73,485**	**73,485**	
Investment securities:			
– Available-for-sale	**25,472,136**	**25,356,844**	
of which: insignificant capital investments in financial sector entities exceeding 10% threshold		***704,539***	(3)
– Held-to-maturity	**2,484,874**	**2,480,890**	
Investments in joint ventures	**234,456**	**116,000**	
Investments in and amounts due from subsidiary companies	**–**	**184,449**	
Properties and equipment	**2,424,014**	**2,401,437**	
Investment properties	**92,495**	**121,368**	
Deferred income tax assets	**50,430**	**50,276**	(4)
Other assets	**1,113,762**	**639,102**	
Total assets	**143,070,855**	**142,533,154**	
Liabilities			
Deposits and balances from banks	**7,108,798**	**7,108,798**	
Deposits from customers	**113,641,193**	**113,641,193**	
Derivatives financial instruments	**61,805**	**61,805**	
Amounts due to subsidiary companies	**–**	**248,564**	
Other liabilities	**1,282,470**	**761,542**	
Provisions	**93,064**	**92,270**	
Current income tax liabilities	**141,000**	**140,763**	
Deferred income tax liabilities	**240,543**	**240,522**	
Total liabilities	**122,568,873**	**122,295,457**	
Equity			
Share capital	**2,000,000**	**2,000,000**	
of which: paid-in share capital		***2,000,000***	(5)
Retained earnings	**9,245,499**	**9,044,823**	
of which: retained earnings		***9,044,823***	(6)
Other reserves	**9,192,221**	**9,192,874**	
of which: accumulated other comprehensive income (loss), other than regulatory reserve		***8,693,302***	(7)
regulatory reserve		***499,572***	(8)
Non-controlling interests	**64,262**	**–**	
Total equity	**20,501,982**	**20,237,697**	
Total equity and liabilities	**143,070,855**	**142,533,154**	

Capital structure and adequacy (Continued)

The Bank has already applied full capital deductions under the BCR. The Capital Disclosures Template as at 31st December 2013 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	9,044,823	(6)
3	Disclosed reserves	9,192,874	(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**	**20,237,697**	
	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	50,276	(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)	594,463	(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	–	
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	499,572	(8)
26c	Securitization exposures specified in a notice given by the Monetary Authority	–	
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**	**1,144,311**	
29	**CET1 capital**	**19,093,386**	

Capital structure and adequacy (Continued)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
	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)**	**19,093,386**	
	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	743,660	(1) + (8)
51	**Tier 2 capital before regulatory deductions**	**743,660**	
	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)	116,585	(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**	**116,585**	
58	**Tier 2 capital**	**627,075**	
59	**Total capital (Total capital = Tier 1 + Tier 2)**	**19,720,461**	
60	**Total risk weighted assets**	**100,733,469**	

Capital structure and adequacy (Continued)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
	Capital ratios (as a percentage of risk weighted assets)		
61	CET1 capital ratio	18.95%	
62	Tier 1 capital ratio	18.95%	
63	Total capital ratio	19.58%	
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)	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 and 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.3B of the BCR	14.45%	
	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	1,968,785	
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	392,778	
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)	743,660	
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	1,167,086	
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)	–	

Capital structure and adequacy (Continued)

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')**	**50,276**	–
	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

Capital structure and adequacy (Continued)

For comparative purpose, the capital adequacy ratio as at 31st December 2012 was based on the BCR effective from 1st January 2012. The capital adequacy ratio as at 31st December 2012 represented the consolidated ratio of the Bank, Shacom Property (CA) Inc., Shacom Property (NY) Inc., Shacom Property Holdings (BVI) Limited, Shacom Investment Limited, Shacom Assets Investments Limited and Shacom Insurance Brokers Limited computed in accordance with section 98(2) of the Hong Kong Banking Ordinance. The comparative figures were not restated on the ground that different approaches were used to calcuate the capital adequacy ratios as at 31st December 2013 and 31st December 2012.

	2012
Capital adequacy ratio	18.0%
Core capital ratio	17.8%

The capital base after deductions used in the calculation of the above capital adequacy ratio as at 31st December 2012 and reported to the Hong Kong Monetary Authority is analysed as follows:

	2012
Core capital:	
Paid up ordinary share capital	2,000,000
Reserves	13,028,417
Income statement	1,614,233
Less: net deferred tax assets	(61,401)
	16,581,249
Other deductions from core capital	(1,132,493)
Core capital after deductions	15,448,756
Supplementary capital:	
Collective impairment allowances for loans and advances	213,482
Regulatory reserve	490,741
Revaluation reserves for available-for-sale investments	603,517
	1,307,740
Other deductions from supplementary capital	(1,132,492)
Supplementary capital after deductions	175,248
Total capital base	15,624,004
Risk-weighted assets:	
Credit risk	79,524,623
Market risk	1,847,675
Operational risk	5,327,900
Total risk-weighted assets	86,700,198
which consist of:	
On-balance sheet	82,423,996
Off-balance sheet	4,276,202

Capital structure and adequacy (Continued)

The Main Features Template as at 31st December 2013 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	HK$100 each
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 temporay 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

Footnote:

\# 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