上海商業銀行
SHANGHAI COMMERCIAL BANK

CAPITAL DISCLOSURES

As at 30th June 2014



Capital structure and adequacy

The calculation of the capital adequacy ratios as at 30th June 2014 and 31st December 2013 is based on the Banking (Capital) Rules ("BCR") effective from 1st January 2013. The capital adequacy ratios represent the consolidated ratios 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 30th June 2014.

	Balance sheet as in published financial statements As at 30th June 2014 HK$'000	Under regulatory scope of consolidation As at 30th June 2014 HK$'000
Assets		
Cash and balances with banks	**24,154,110**	**24,151,783**
Placements with and loans and advances to banks	**25,595,923**	**25,595,923**
Loans and advances to customers	**64,876,927**	**64,876,927**
Financial assets held for trading	**397,794**	**380,592**
Derivative financial instruments	**78,149**	**78,149**
Investment securities:		
- Available-for-sale	**24,944,650**	**24,830,565**
- Held-to-maturity	**2,485,941**	**2,485,941**
Investments in joint ventures	**250,303**	**116,000**
Investments in and amounts due from subsidiary companies	**-**	**184,039**
Properties and equipment	**2,561,865**	**2,538,806**
Investment properties	**45,285**	**73,985**
Deferred income tax assets	**41,706**	**41,525**
Other assets	**740,186**	**955,245**
Total assets	**146,172,839**	**146,309,480**
Liabilities		
Deposits and balances from banks	**7,434,371**	**7,434,371**
Deposits from customers	**116,378,894**	**116,378,894**
Derivatives financial instruments	**63,667**	**63,667**
Amounts due to subsidiary companies	**-**	**278,559**
Other liabilities	**1,173,428**	**1,319,707**
Provisions	**71,994**	**71,089**
Current income tax liabilities	**218,545**	**216,390**
Deferred income tax liabilities	**246,190**	**246,169**
Total liabilities	**125,587,089**	**126,008,846**
Equity		
Share capital	**2,000,000**	**2,000,000**
Retained earnings	**9,304,193**	**9,084,630**
Other reserves	**9,215,874**	**9,216,004**
Non-controlling interests	**65,683**	**-**
Total equity	**20,585,750**	**20,300,634**
Total equity and liabilities	**146,172,839**	**146,309,480**

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 2014.

	Balance sheet as in published financial statements As at 30th June 2014 HK$'000	Under regulatory scope of consolidation As at 30th June 2014 HK$'000	Cross reference to Definition of Capital Components
Assets			
Cash and balances with banks	**24,154,110**	**24,151,783**	
Placements with and loans and advances to banks	**25,595,923**	**25,595,923**	
Loans and advances to customers	**64,876,927**	**64,876,927**	
of which: collective impairment allowances reflected in regulatory capital		***250,691***	(1)
Financial assets held for trading	**397,794**	**380,592**	
of which: insignificant capital investments in financial sector entities exceeding 10% threshold		***9,585***	(2)
Derivative financial instruments	**78,149**	**78,149**	
Investment securities:			
- Available-for-sale	**24,944,650**	**24,830,565**	
of which: insignificant capital investments in financial sector entities exceeding 10% threshold		***570,912***	(3)
- Held-to-maturity	**2,485,941**	**2,485,941**	
Investments in joint ventures	**250,303**	**116,000**	
Investments in and amounts due from subsidiary companies	**-**	**184,039**	
Properties and equipment	**2,561,865**	**2,538,806**	
Investment properties	**45,285**	**73,985**	
Deferred income tax assets	**41,706**	**41,525**	(4)
Other assets	**740,186**	**955,245**	
Total assets	**146,172,839**	**146,309,480**	
Liabilities			
Deposits and balances from banks	**7,434,371**	**7,434,371**	
Deposits from customers	**116,378,894**	**116,378,894**	
Derivatives financial instruments	**63,667**	**63,667**	
Amounts due to subsidiary companies	**-**	**278,559**	
Other liabilities	**1,173,428**	**1,319,707**	
Provisions	**71,994**	**71,089**	
Current income tax liabilities	**218,545**	**216,390**	
Deferred income tax liabilities	**246,190**	**246,169**	
Total liabilities	**125,587,089**	**126,008,846**	
Equity			
Share capital	**2,000,000**	**2,000,000**	
of which: paid-in share capital		***2,000,000***	(5)
Retained earnings	**9,304,193**	**9,084,630**	
of which: retained earnings		***9,084,630***	(6)
Other reserves	**9,215,874**	**9,216,004**	
of which: accumulated other comprehensive income (loss), other than regulatory reserve		***8,717,388***	(7)
regulatory reserve		***498,616***	(8)
Non-controlling interests	**65,683**	**-**	
Total equity	**20,585,750**	**20,300,634**	
Total equity and liabilities	**146,172,839**	**146,309,480**	

Capital structure and adequacy (Continued)

The Bank has already applied full capital deductions under the BCR. The Capital Disclosures Template as at 30th June 2014 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			
		HK$'000	
1	Directly issued qualifying CET1 capital instruments plus any related share premium	2,000,000	(5)
2	Retained earnings	9,084,630	(6)
3	Disclosed reserves	9,216,004	(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**	**20,300,634**	
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	41,525	(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)	504,783	(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	498,616	(8)
26c	Securitization exposures specified in a notice given by the Monetary Authority	-	

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)			
		HK$'000	
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**	**1,044,924**	
29	**CET1 capital**	**19,255,710**	
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)**	**19,255,710**	
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	749,307	(1) + (8)
51	**Tier 2 capital before regulatory deductions**	**749,307**	

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			
		HK$'000	
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)	75,714	(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**	**75,714**	
58	**Tier 2 capital**	**673,593**	
59	**Total capital (Total capital = Tier 1 + Tier 2)**	**19,929,303**	
60	**Total risk weighted assets**	**104,973,654**	
Capital ratios (as a percentage of risk weighted assets)			
61	CET1 capital ratio	18.34%	
62	Tier 1 capital ratio	18.34%	
63	Total capital ratio	18.99%	
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	13.84%	
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	1,976,049	
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	394,198	
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	

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			
		HK$'000	
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)	749,307	
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	1,222,003	
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
		HK$'000	HK$'000
10	**Deferred tax assets net of deferred tax liabilities ('DTA')**	**41,525**	**-**
	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)

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 31st December 2013 HK$'000	Under regulatory scope of consolidation 31st December 2013 HK$'000
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 31st December 2013 HK$'000	Under regulatory scope of consolidation 31st December 2013 HK$'000	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			
		HK$'000	
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	-	

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)			
		HK$'000	
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**	
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**	

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			
		HK$'000	
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 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	

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			
		HK$'000	
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)	-	

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
		HK$'000	HK$'000
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)

The Main Features Template as at 30th June 2014 and 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	NA (31st December 2013: 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 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

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