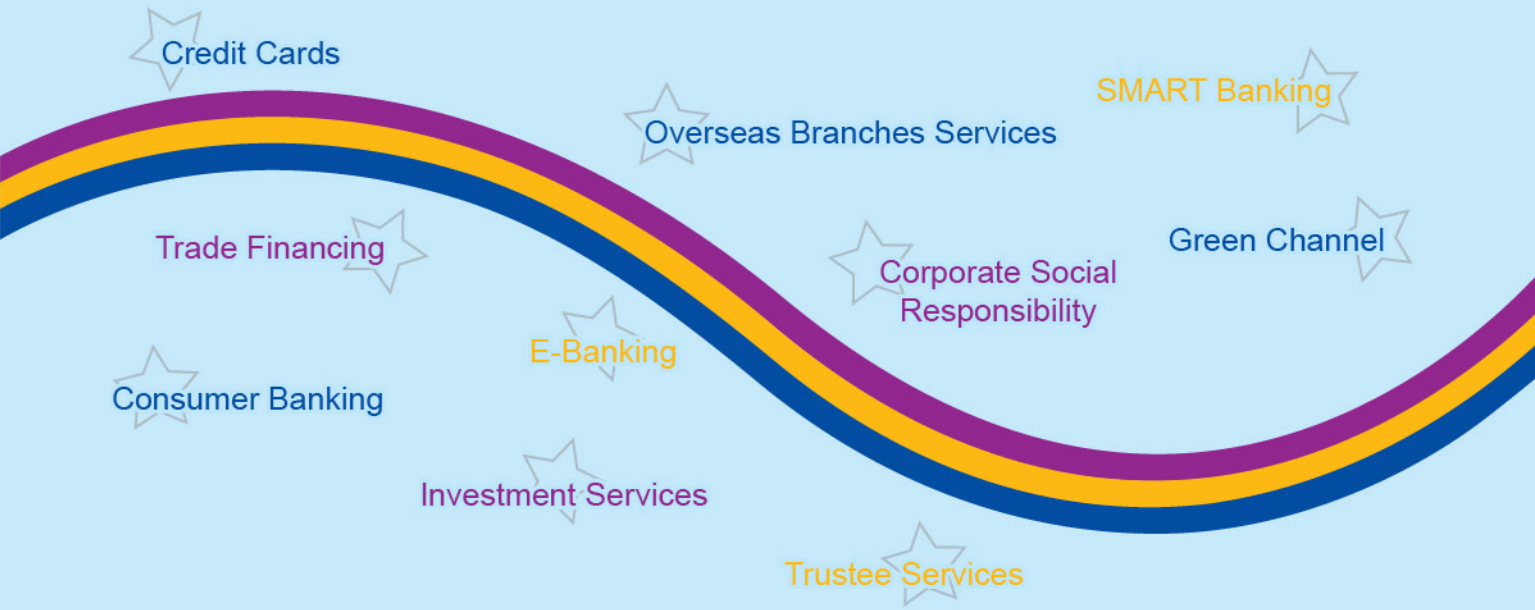
上海商業銀行
SHANGHAI COMMERCIAL BANK

# CAPITAL DISCLOSURES

As at 31st December 2014



## Capital structure and adequacy

The calculation of the capital adequacy ratios as at 31st December 2014 and 2013 is based on the Banking (Capital) Rules ('BCR'). 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. For accounting purposes, the basis of consolidation is described in Note 2.2 to the consolidated financial statements.

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 2014.

| | Balance sheet as in published financial statements | Under regulatory scope of consolidation |
|---|---|---|
| **Assets** | | |
| Cash and balances with banks | **29,103,861** | **29,094,650** |
| Placements with and loans and advances to banks | **23,720,240** | **23,720,240** |
| Loans and advances to customers | **67,168,827** | **67,168,827** |
| Financial assets held for trading | **420,760** | **398,923** |
| Derivative financial instruments | **102,243** | **102,243** |
| Available-for-sale investments | **25,273,309** | **25,158,298** |
| Held-to-maturity investments | **2,465,840** | **2,465,840** |
| Investments in joint ventures | **259,628** | **116,000** |
| Investments in and amounts due from subsidiaries | **–** | **188,181** |
| Properties and equipment | **2,657,913** | **2,635,451** |
| Investment properties | **5,178** | **33,671** |
| Deferred income tax assets | **44,120** | **44,016** |
| Other assets | **1,246,594** | **1,193,541** |
| **Total assets** | **152,468,513** | **152,319,881** |
| **Liabilities** | | |
| Deposits and balances from banks | **7,318,807** | **7,318,807** |
| Deposits from customers | **121,393,482** | **121,393,482** |
| Derivatives financial instruments | **82,527** | **82,527** |
| Amounts due to subsidiaries | **–** | **254,665** |
| Other liabilities | **1,453,624** | **1,347,217** |
| Provisions | **95,132** | **94,554** |
| Current income tax liabilities | **92,199** | **91,612** |
| Deferred income tax liabilities | **289,174** | **289,174** |
| **Total liabilities** | **130,724,945** | **130,872,038** |
| **Equity** | | |
| Share capital | **2,000,000** | **2,000,000** |
| Retained earnings | **10,058,664** | **9,828,772** |
| Other reserves | **9,620,510** | **9,619,071** |
| Non-controlling interests | **64,394** | **–** |
| **Total equity** | **21,743,568** | **21,447,843** |
| **Total equity and liabilities** | **152,468,513** | **152,319,881** |

## 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 2014.

| | 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 | **29,103,861** | **29,094,650** | |
| Placements with and loans and advances to banks | **23,720,240** | **23,720,240** | |
| Loans and advances to customers | **67,168,827** | **67,168,827** | |
| *of which: collective impairment allowances reflected in regulatory capital* | | ***261,912*** | (1) |
| Financial assets held for trading | **420,760** | **398,923** | |
| *of which: insignificant capital investments in financial sector entities exceeding 10% threshold* | | ***9,479*** | (2) |
| Derivative financial instruments | **102,243** | **102,243** | |
| Available-for-sale investments | **25,273,309** | **25,158,298** | |
| *of which: insignificant capital investments in financial sector entities exceeding 10% threshold* | | ***967,437*** | (3) |
| Held-to-maturity investments | **2,465,840** | **2,465,840** | |
| Investments in joint ventures | **259,628** | **116,000** | |
| Investments in and amounts due from subsidiaries | **–** | **188,181** | |
| Properties and equipment | **2,657,913** | **2,635,451** | |
| Investment properties | **5,178** | **33,671** | |
| Deferred income tax assets | **44,120** | **44,016** | (4) |
| Other assets | **1,246,594** | **1,193,541** | |
| **Total assets** | **152,468,513** | **152,319,881** | |
| **Liabilities** | | | |
| Deposits and balances from banks | **7,318,807** | **7,318,807** | |
| Deposits from customers | **121,393,482** | **121,393,482** | |
| Derivatives financial instruments | **82,527** | **82,527** | |
| Amounts due to subsidiaries | **–** | **254,665** | |
| Other liabilities | **1,453,624** | **1,347,217** | |
| Provisions | **95,132** | **94,554** | |
| Current income tax liabilities | **92,199** | **91,612** | |
| Deferred income tax liabilities | **289,174** | **289,174** | |
| **Total liabilities** | **130,724,945** | **130,872,038** | |
| **Equity** | | | |
| Share capital | **2,000,000** | **2,000,000** | |
| *of which: paid-in share capital* | | ***2,000,000*** | (5) |
| Retained earnings | **10,058,664** | **9,828,772** | |
| *of which: retained earnings* | | ***9,828,772*** | (6) |
| Other reserves | **9,620,510** | **9,619,071** | |
| *of which: accumulated other comprehensive income (loss), other than regulatory reserve* | | ***8,920,474*** | (7) |
| *regulatory reserve* | | ***698,597*** | (8) |
| Non-controlling interests | **64,394** | **–** | |
| **Total equity** | **21,743,568** | **21,447,843** | |
| **Total equity and liabilities** | **152,468,513** | **152,319,881** | |

## Capital structure and adequacy (Continued)

The Bank has already applied full capital deductions under the BCR. The Capital Disclosures Template as at 31st December 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** | | |
| 1 | Directly issued qualifying CET1 capital instruments plus any related share premium | 2,000,000 | (5) |
| 2 | Retained earnings | 9,828,772 | (6) |
| 3 | Disclosed reserves | 9,619,071 | (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** | **21,447,843** | |
| | **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 | 44,016 | (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) | 873,031 | (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 | 698,597 | |
| 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 | 698,597 | (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** | **1,615,644** | |
| 29 | **CET1 capital** | **19,832,199** | |

## 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)** | **19,832,199** | |
| | **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 | 960,509 | (1) + (8) |
| 51 | **Tier 2 capital before regulatory deductions** | **960,509** | |
| | **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) | 103,885 | (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** | **103,885** | |
| 58 | **Tier 2 capital** | **856,624** | |
| 59 | **Total capital (Total capital = Tier 1 + Tier 2)** | **20,688,823** | |
| 60 | **Total risk weighted assets** | **108,627,831** | |

## 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 | 18.3% | |
| 62 | Tier 1 capital ratio | 18.3% | |
| 63 | Total capital ratio | 19.0% | |
| 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) | 4.5% | |
| 65 | of which: capital conservation buffer requirement | 0.0% | |
| 66 | of which: bank specific countercyclical buffer requirement | 0.0% | |
| 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 | 13.8% | |
| **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 | 2,070,523 | |
| 73 | Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation | 389,881 | |
| 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) | 960,509 | |
| 77 | Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach | 1,247,689 | |
| 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')** | **44,016** | – |
| | **Explanation**<br>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.<br><br>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:<br>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 | 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 |
| Available-for-sale investments | 25,472,136 | 25,356,844 |
| Held-to-maturity investments | 2,484,874 | 2,480,890 |
| Investments in joint ventures | 234,456 | 116,000 |
| Investments in and amounts due from subsidiaries | – | 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 subsidiaries | – | 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 | |
| Available-for-sale investments | 25,472,136 | 25,356,844 | |
| *of which: insignificant capital investments in financial sector entities exceeding 10% threshold* | | *704,539* | (3) |
| Held-to-maturity investments | 2,484,874 | 2,480,890 | |
| Investments in joint ventures | 234,456 | 116,000 | |
| Investments in and amounts due from subsidiaries | – | 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 subsidiaries | – | 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 | 499,572 | |
| 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 | 19.0% | |
| 62 | Tier 1 capital ratio | 19.0% | |
| 63 | Total capital ratio | 19.6% | |
| 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) | 4.5% | |
| 65 | of which: capital conservation buffer requirement | 0.0% | |
| 66 | of which: bank specific countercyclical buffer requirement | 0.0% | |
| 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 | 14.5% | |
| **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 | 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**<br>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.<br><br>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:<br>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 31st December 2014 and 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 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