



上海商業銀行

SHANGHAI COMMERCIAL BANK

REGULATORY DISCLOSURES

As at 30 June 2024
(Unaudited)



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SHANGHAI COMMERCIAL BANK LIMITED

(All amounts in HK dollar thousands unless otherwise stated)

1 KEY PRUDENTIAL RATIOS

		30 June 2024	31 March 2024	31 December 2023	30 September 2023	30 June 2023
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	34,287,866	34,810,317	34,098,470	34,144,992	33,087,952
2	Tier 1	34,287,866	34,810,317	34,098,470	34,144,992	33,087,952
3	Total capital	38,358,671	38,835,402	40,380,857	40,724,113	39,667,727
Risk Weighted Amounts (RWA)						
4	Total RWA	138,800,632	144,058,520	151,571,670	154,595,001	157,220,098
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	24.7%	24.2%	22.5%	22.1%	21.0%
6	Tier 1 ratio (%)	24.7%	24.2%	22.5%	22.1%	21.0%
7	Total capital ratio (%)	27.6%	27.0%	26.6%	26.3%	25.2%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.65%	0.65%	0.65%	0.65%	0.64%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	3.2%	3.2%	3.2%	3.1%	3.1%
12	CET1 available after meeting the AI's minimum capital requirements (%)	18.7%	18.2%	16.5%	16.1%	15.0%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	233,905,700	233,204,050	236,222,005	231,521,362	237,006,590
14	LR (%)	14.7%	14.9%	14.4%	14.7%	14.0%
Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)						
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institution only:					
17a	LMR (%)	80.4%	81.1%	62.8%	59.4%	57.9%
Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)						
	Applicable to category 1 institution only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a	CFR (%)	272.8%	264.9%	252.2%	241.5%	231.4%

2 CAPITAL STRUCTURE AND ADEQUACY

The calculation of the capital adequacy ratio as at 30 June 2024 is based on the Banking (Capital) Rules (“BCR”). The capital adequacy ratio represents the consolidated ratio of the Bank’s Hong Kong offices and its overseas branches, Shacom Property (CA), Inc., Shacom Property (NY), Inc., Shacom Property Holdings (BVI) Limited, Shacom Investment Limited, Shacom Assets Investments Limited, Right Honour Investments Limited, Glory Step Westpoint Investments Limited, Silver Wisdom Westpoint Investments Limited, Shacom Insurance Brokers Limited, KCC 23F Limited, KCC 25F Limited, and KCC 26F Limited computed in accordance with Section 3C(1) of the BCR.

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

The Group uses the standardised approach to calculate the risk-weighted assets for its credit risk and market risk exposures, and the basic indicator approach to calculate its operational risk capital charge. The Group operates subsidiaries in different countries where capital is governed by local rules and there may be restrictions on the transfer of funds or regulatory capital between members of the Group.

The table below shows the balance sheet based on accounting scope of consolidation and the regulatory scope of consolidation, and the reconciliation of the capital components from balance sheet based on regulatory scope of consolidation to the Composition of Regulatory Capital as at 30 June 2024.

Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross-referenced to Composition of Regulatory Capital
Assets			
Cash and balances with banks	68,392,017	68,389,876	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(800)	(1)
Placements with banks	16,867,484	16,867,484	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(199)	(2)
Loans and advances to customers	83,338,338	83,338,338	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(371,023)	(3)
Financial assets at fair value through profit or loss	1,080,388	1,049,186	
<i>of which: insignificant capital investments in financial sector entities exceeding 10% threshold</i>	–	1,802	(4)
Derivative financial instruments	237,194	237,194	
Investment securities at fair value through other comprehensive income	38,756,426	38,756,426	
<i>of which: insignificant capital investments in financial sector entities exceeding 10% threshold</i>	–	521,841	(5)
Investment securities at amortised cost	10,808,618	10,808,618	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(257)	(6)
Properties for sale	882,741	882,741	
Investments in associates and joint venture	448,915	188,000	
Investments in and amounts due from subsidiaries	–	305,268	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(32,290)	(7)

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Reconciliation of regulatory capital to balance sheet (Continued)

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross-referenced to Composition of Regulatory Capital
Properties and equipment	2,354,962	2,338,159	
Investment properties	980,438	1,008,513	
Deferred income tax assets	598,904	604,197	(8)
Other assets	2,391,618	2,354,939	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(3,300)	(9)
Total assets	227,138,043	227,128,939	
Liabilities			
Deposits and balances from banks	4,139,131	4,139,131	
Deposits from customers	179,174,780	179,174,780	
Derivative financial instruments	192,582	192,582	
Amounts due to subsidiaries	–	678,363	
Subordinated debts	2,706,313	2,706,313	(10)
Other liabilities	3,705,597	3,561,855	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	24,343	(11)
Current income tax liabilities	246,604	246,024	
Deferred income tax liabilities	9,649	8,870	
Total liabilities	190,174,656	190,707,918	
Equity			
Share capital	2,000,000	2,000,000	(12)
Retained earnings	25,117,195	24,705,275	(13)
Reserves	9,734,798	9,715,746	
<i>of which: accumulated other comprehensive income/(loss), other than regulatory reserve</i>	–	8,783,466	(14)
<i>regulatory reserve</i>	–	932,280	(15)
Non-controlling interests in equity	111,394	–	
Total equity	36,963,387	36,421,021	
Total equity and liabilities	227,138,043	227,128,939	

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Composition of regulatory capital

The Bank has already applied full capital deductions under the BCR. The Composition of Regulatory Capital as at 30 June 2024 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 (12)
2	Retained earnings	24,705,275 (13)
3	Disclosed reserves	9,715,746 (14) + (15)
4	Directly issued capital subject to phase-out arrangements from CET1 (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	36,421,021
CET1 capital: regulatory deductions		
7	Valuation adjustments	1,112
8	Goodwill (net of associated deferred tax liabilities)	–
9	Other intangible assets (net of associated deferred tax liabilities)	71,923
10	Deferred tax assets (net of associated deferred tax liabilities)	604,197 (8)
11	Cash flow hedge reserve	–
12	Excess of total EL amount over total eligible provisions under the IRB approach	–
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital 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 LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	523,643 (4) + (5)
19	Significant LAC 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 (net of associated deferred tax liabilities)	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable
22	Amount exceeding the 15% threshold	Not applicable
23	of which: significant investments in the ordinary share 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	932,280
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	932,280 (15)
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	–

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Composition of regulatory capital (Continued)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28	Total regulatory deductions to CET1 capital	2,133,155	
29	CET1 capital	34,287,866	
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 LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
40	Significant LAC 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)	34,287,866	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	2,706,313	(10)
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 provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,364,492	(11) + (15) – (1) – (2) – (3) – (6) – (7) – (9)
51	Tier 2 capital before regulatory deductions	4,070,805	

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Composition of regulatory capital (Continued)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	–	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	–	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as “section 2 institution” under §2(1) of Schedule 4F to BCR only)	–	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
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	–	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	–	
57	Total regulatory adjustments to Tier 2 capital	–	
58	Tier 2 capital	4,070,805	
59	Total regulatory capital (TC = Tier 1 + Tier 2)	38,358,671	
60	Total risk weighted assets	138,800,632	
Capital ratios (as a percentage of risk weighted assets)			
61	CET1 capital ratio	24.7%	
62	Tier 1 capital ratio	24.7%	
63	Total capital ratio	27.6%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.2%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: bank specific countercyclical capital buffer requirement	0.65%	
67	of which: higher loss absorbency requirement	–	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	18.7%	
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	

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Composition of regulatory capital (Continued)

		Component of regulatory capital reported by bank	Cross-referenced to balance sheet under regulatory scope of consolidation
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	3,481,152	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	656,984	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	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 BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	1,364,492	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	1,539,424	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	–	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	–	
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)	–	

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)**Composition of regulatory capital (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
	Deferred tax assets (“DTA”) (net of associated deferred tax liabilities)	604,197	–
10	<p><u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs 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 AI 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 or other credit exposures to connected companies) under Basel III.</p>		
<p>Remarks: The amount of the 10% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.</p>			

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Main features of regulatory capital instruments

The main features of regulatory capital instruments as at 30 June 2024 are shown below. Full terms and conditions are published in the Bank's website of <http://www.shacombank.com.hk> and are accessible via the following direct link: <http://www.shacombank.com.hk/eng/about/regulatory/20240630.jsp>

		Ordinary shares	Subordinated notes due 2033
1	Issuer	Shanghai Commercial Bank Limited	Shanghai Commercial Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	ISIN: XS2531672892
3	Governing law(s) of the instrument	Laws of Hong Kong	English Law, except that the subordination provisions shall be governed by the laws of Hong Kong.
Regulatory treatment			
4	Transitional Basel III rules [†]	N/A	N/A
5	Post-transitional Basel III rules [†]	Common Equity Tier 1	Tier 2
6	Eligible at solo*/group/solo and group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Other Tier 2 instruments
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$2,000 million	HK\$2,706 million
9	Par value of instrument	N/A	US\$350 million
10	Accounting classification	Shareholders' equity	Liability-amortised cost
11	Original date of issuance	1951, 1968, 1969, 1970, 1972, 1973, 1975, 1979, 1981, 1985, 1988, 1990, 1991, 1996, 2000	28 February 2023
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	28 February 2033
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	One-off call date: 28 February 2028. Additional optional redemption in whole at 100% of principal amount with accrued interest for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non-Viability Event. Redemption subject to prior written consent of the HKMA.
16	Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	N/A	6.375% p.a. Fixed until 28 February 2028 and thereafter reset to a new fixed rate equal to the sum of the then prevailing U.S. Treasury Rate and the Spread at Pricing.
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Main features of regulatory capital instruments (Continued)

		Ordinary shares	Subordinated notes due 2033
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	No	Yes
31	If write-down, write-down trigger(s)	N/A	The earlier of the HKMA notifying the issuer in writing: <ul style="list-style-type: none"> (i) that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable or (ii) that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.
32	If write-down, full or partial	N/A	May be in part or in full
33	If write-down, permanent or temporary	N/A	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	N/A	The rights of the holders will, in the event of the winding up of the Bank, rank <ul style="list-style-type: none"> (i) subordinate and junior in right of payment to, and of all claims of, (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Notes or rank senior to the Notes by operation of law or contract; (ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of, (a) the holders of Junior Obligations, and (b) holders of Tier 1 Capital Instruments of the Issuer.
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

Footnote:

- * Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR
- + Regulatory treatment of capital instruments not subject to transitional arrangement provided for in Schedule 4H to the BCR
- * Include solo-consolidated

3 OVERVIEW OF RWA

The table below shows the breakdowns of RWA for various risks as at 30 June 2024 and 31 March 2024 and the minimum capital requirements as at 30 June 2024 which are calculated by multiplying the Group's RWA by 8%.

		RWA		Minimum capital requirements
		30 June 2024	31 March 2024	30 June 2024
1	Credit risk for non-securitization exposures	120,890,917	125,886,315	9,671,273
2	Of which STC approach	120,890,917	125,886,315	9,671,273
2a	Of which BSC approach	–	–	–
3	Of which foundation IRB approach	–	–	–
4	Of which supervisory slotting criteria approach	–	–	–
5	Of which advanced IRB approach	–	–	–
6	Counterparty default risk and default fund contributions	620,541	519,812	49,643
7	Of which SA-CCR approach	620,541	519,812	49,643
7a	Of which CEM	–	–	–
8	Of which IMM (CCR) approach	–	–	–
9	Of which others	–	–	–
10	Credit valuation adjustment (“CVA”) risk	131,688	119,413	10,535
11	Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–
12	Collective investment scheme (“CIS”) exposures – LTA	–	–	–
13	CIS exposures – MBA	–	–	–
14	CIS exposures – FBA	–	–	–
14a	CIS exposures – combination of approaches	–	–	–
15	Settlement risk	–	–	–
16	Securitization exposures in banking book	–	–	–
17	Of which SEC-IRBA	–	–	–
18	Of which SEC-ERBA (including IAA)	–	–	–
19	Of which SEC-SA	–	–	–
19a	Of which SEC-FBA	–	–	–
20	Market risk	5,392,438	5,857,850	431,395
21	Of which STM approach	5,392,438	5,857,850	431,395
22	Of which IMM approach	–	–	–
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	N/A	N/A	N/A
24	Operational risk	10,122,588	9,935,875	809,807
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,642,460	1,739,255	131,397
26	Capital floor adjustment	–	–	–
26a	Deduction to RWA	–	–	–
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	–	–	–
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	–	–	–
27	Total	138,800,632	144,058,520	11,104,050

4 COUNTERCYCLICAL CAPITAL BUFFER (“CCyB”) RATIO

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

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

The following table shows the CCyB ratio, the geographical breakdown of the RWA in relation to private sector credit exposures that are relevant to the calculation of CCyB ratio and which have an applicable JCCyB ratio greater than zero as at 30 June 2024.

Jurisdiction		Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio	CCyB ratio	CCyB amount
		%	HK\$’000	%	HK\$’000
1	Hong Kong SAR	1.00%	61,738,065		
2	Australia	1.00%	48,634		
3	Belgium	0.50%	2,084		
4	Chile	0.50%	94		
5	France	1.00%	318		
6	Germany	0.75%	101		
7	Netherlands	2.00%	1,315		
8	South Korea	1.00%	20,485		
9	United Kingdom	2.00%	670,400		
	Sum		62,481,496		
	Total		96,734,724	0.65%	906,368

5 LEVERAGE RATIO

The leverage ratio (“LR”) represents the consolidated ratio computed in the same regulatory consolidation basis as the capital adequacy ratio. The table below presents the summary comparison of accounting assets against leverage ratio exposure measure as at 30 June 2024.

Item	Value under the LR framework
1 Total consolidated assets as per published financial statements (before adjustments for specific and collective provisions)	227,842,136
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(9,104)
2a Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	–
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
3a Adjustments for eligible cash pooling transactions	–
4 Adjustments for derivative contracts	716,484
5 Adjustment for SFTs (i.e. repos and similar secured lending)	–
6 Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	8,193,432
6a Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(704,093)
7 Other adjustments	(2,133,155)
8 Leverage ratio exposure measure	233,905,700

The leverage ratios as at 30 June 2024 and 31 March 2024 are shown below:

	30 June 2024	31 March 2024
On-balance sheet exposures		
1 On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	227,595,838	225,796,739
2 Less: Asset amounts deducted in determining Tier 1 capital	(2,133,155)	(1,708,601)
3 Total on-balance sheet exposures (excluding derivative contracts and SFTs)	225,462,683	224,088,138
Exposures arising from derivative contracts		
4 Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	129,494	93,526
5 Add-on amounts for PFE associated with all derivative contracts	824,184	798,632
6 Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	–
7 Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	–	–
8 Less: Exempted CCP leg of client-cleared trade exposures	–	–
9 Adjusted effective notional amount of written credit-related derivative contracts	–	–
10 Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	–	–
11 Total exposures arising from derivative contracts	953,678	892,158

5 LEVERAGE RATIO (CONTINUED)

		30 June 2024	31 March 2024
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	–	–
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	–	–
15	Agent transaction exposures	–	–
16	Total exposures arising from SFTs	–	–
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	42,958,304	44,371,712
18	Less: Adjustments for conversion to credit equivalent amounts	(34,764,872)	(35,641,358)
19	Off-balance sheet items	8,193,432	8,730,354
Capital and total exposures			
20	Tier 1 capital	34,287,866	34,810,317
20a	Total exposures before adjustments for specific and collective provisions	234,609,793	233,710,650
20b	Adjustments for specific and collective provisions	(704,093)	(506,600)
21	Total exposures after adjustments for specific and collective provisions	233,905,700	233,204,050
Leverage ratio			
22	Leverage ratio	14.7%	14.9%

Abbreviations:

CCP: Central counterparty

CCR: Counterparty credit risk

PFE: Potential future exposure

SFT: Securities financing transactions

6 CREDIT RISK

(a) Credit quality of exposures as at 30 June 2024

	Gross carrying amounts of			Allowances/ impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	2,146,699	81,824,731	633,092	262,069	371,023	–	83,338,338
2	Debt securities	–	45,448,485	257	–	257	–	45,448,228
3	Off-balance sheet exposures	–	13,624,308	11,639	3,566	8,073	–	13,612,669
4	Total	2,146,699	140,897,524	644,988	265,635	379,353	–	142,399,235

(b) Changes in defaulted loans and debt securities

	Amount	
1	Defaulted loans and debt securities as at end December 2023	511,485
2	Loans and debt securities that have defaulted since the last reporting period	3,002,054
3	Returned to non-defaulted status	(2,462)
4	Amounts written off	(1,350,358)
5	Other changes	(14,020)
6	Defaulted loans and debt securities as at end June 2024	2,146,699

(c) Overview of recognised credit risk mitigation as at 30 June 2024

	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts	
1	Loans	80,338,063	3,000,275	2,986,631	13,644	–
2	Debt securities	45,448,228	–	–	–	–
3	Total	125,786,291	3,000,275	2,986,631	13,644	–
4	Of which defaulted	601,288	1,385,214	1,385,214	–	–

6 CREDIT RISK (CONTINUED)

(d) Credit risk exposures and effects of recognised credit risk mitigation – for STC approach as at 30 June 2024

Exposure classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Sovereign exposures	10,273,652	–	10,274,655	–	37,170	0%
2 PSE exposures	8,404,754	250,000	8,403,751	125,000	1,705,750	20%
2a Of which: domestic PSEs	5,701,312	250,000	5,700,309	125,000	1,165,062	20%
2b Of which: foreign PSEs	2,703,442	–	2,703,442	–	540,688	20%
3 Multilateral development bank exposures	7,471,923	–	7,471,923	–	–	0%
4 Bank exposures	92,753,351	6,049,192	92,765,333	1,227,219	21,277,665	23%
5 Securities firm exposures	341,319	2,241,199	341,319	–	170,660	50%
6 Corporate exposures	78,648,363	24,406,387	77,732,324	2,833,822	76,014,207	94%
7 CIS exposures	–	–	–	–	–	–
8 Cash items	798,453	–	2,399,870	–	236,741	10%
9 Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	–
10 Regulatory retail exposures	2,927,654	2,119,875	2,838,516	120,100	2,218,962	75%
11 Residential mortgage loans	6,250,560	1,806,465	6,250,560	902,492	3,261,963	46%
12 Other exposures which are not past due exposures	14,241,042	6,081,620	13,632,820	47,833	13,680,653	100%
13 Past due exposures	1,986,502	–	1,986,502	–	2,287,146	115%
14 Significant exposures to commercial entities	–	–	–	–	–	–
15 Total	224,097,573	42,954,738	224,097,573	5,256,466	120,890,917	53%

6 CREDIT RISK (CONTINUED)

(e) Credit risk exposures by asset classes and by risk weights – for STC approach as at 30 June 2024

Exposure class	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1 Sovereign exposures		10,088,804	–	185,851	–	–	–	–	–	–	–	10,274,655
2 PSE exposures		–	–	8,528,751	–	–	–	–	–	–	–	8,528,751
2a Of which: domestic PSEs		–	–	5,825,309	–	–	–	–	–	–	–	5,825,309
2b Of which: foreign PSEs		–	–	2,703,442	–	–	–	–	–	–	–	2,703,442
3 Multilateral development bank exposures		7,471,923	–	–	–	–	–	–	–	–	–	7,471,923
4 Bank exposures		–	–	85,728,703	–	8,263,849	–	–	–	–	–	93,992,552
5 Securities firm exposures		–	–	–	–	341,319	–	–	–	–	–	341,319
6 Corporate exposures		–	–	145,493	–	8,871,091	–	71,549,562	–	–	–	80,566,146
7 CIS exposures		–	–	–	–	–	–	–	–	–	–	–
8 Cash items		1,558,582	–	755,684	–	–	–	85,604	–	–	–	2,399,870
9 Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis		–	–	–	–	–	–	–	–	–	–	–
10 Regulatory retail exposures		–	–	–	–	–	2,958,616	–	–	–	–	2,958,616
11 Residential mortgage loans		–	–	–	5,934,757	–	133,988	1,084,307	–	–	–	7,153,052
12 Other exposures which are not past due exposures		–	–	–	–	–	–	13,680,653	–	–	–	13,680,653
13 Past due exposures		–	–	–	–	–	–	1,385,214	601,288	–	–	1,986,502
14 Significant exposures to commercial entities		–	–	–	–	–	–	–	–	–	–	–
15 Total		19,119,309	–	95,344,482	5,934,757	17,476,259	3,092,604	87,785,340	601,288	–	–	229,354,039

7 COUNTERPARTY CREDIT RISK

(a) Analysis of counterparty default risk exposures (other than those to CCPs) by approaches as at 30 June 2024

		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)	138,468	567,804		1.4	988,780	620,541
1a	CEM (for derivative contracts)	–	–		1.4	–	–
2	IMM (CCR) approach			–	–	–	–
3	Simple approach (for SFTs)					–	–
4	Comprehensive approach (for SFTs)					–	–
5	VaR (for SFTs)					–	–
6	Total						620,541

(b) CVA capital charge as at 30 June 2024

		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method		
1	(i) VaR (after application of multiplication factor if applicable)		–
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		–
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	988,780	131,688
4	Total	988,780	131,688

7 COUNTERPARTY CREDIT RISK (CONTINUED)

(c) Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach as at 30 June 2024

Exposure class	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	159,378	-	416,560	-	-	-	-	-	575,938
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	64,914	-	220,198	-	-	-	285,112
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	127,730	-	-	-	127,730
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	159,378	-	481,474	-	347,928	-	-	-	988,780

7 COUNTERPARTY CREDIT RISK (CONTINUED)

(d) Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs) as at 30 June 2024

		Derivative contracts				SFTs	
		Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash – other currencies	–	50,126	–	36,307	–	–
2	Debt securities	–	74,087	–	87,479	–	–
	Total	–	124,213	–	123,786	–	–

(e) Credit-related derivatives contracts

The Group did not have any credit-related derivatives contracts as at 30 June 2024.

(f) Exposures to CCPs

The Group did not have any exposures to CCPs as at 30 June 2024.

8 MARKET RISK

Market risk under STM approach as at 30 June 2024

		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	651,363
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures	4,506,000
4	Commodity exposures	–
	Option exposures	
5	Simplified approach	–
6	Delta-plus approach	235,075
7	Other approach	–
8	Securitization exposures	–
9	Total	5,392,438

SHANGHAI COMMERCIAL BANK LIMITED

(All amounts in HK dollar thousands unless otherwise stated)

9 NON-BANK MAINLAND EXPOSURES

The Bank	30 June 2024			31 December 2023		
	On-balance sheet exposures	Off-balance sheet exposures	Total	On-balance sheet exposures	Off-balance sheet exposures	Total
Types of counterparties						
1. Central government, central government-owned entities and their subsidiaries and joint ventures	1,967,079	14,307	1,981,386	2,674,278	72,613	2,746,891
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	–	–	–	–	–	–
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	7,576,975	658,883	8,235,858	8,411,780	1,117,658	9,529,438
4. Other entities of central government not reported in item 1 above	363,013	–	363,013	354,024	–	354,024
5. Other entities of local governments not reported in item 2 above	140,412	–	140,412	140,067	–	140,067
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,112,593	292,593	5,405,186	5,492,634	763,260	6,255,894
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	869,600	240	869,840	1,603,260	6	1,603,266
Total	16,029,672	966,023	16,995,695	18,676,043	1,953,537	20,629,580
Total assets after provision	220,521,496			221,673,471		
On-balance sheet exposures as percentage of total assets	7.27%			8.43%		

10 CURRENCY CONCENTRATIONS

As at 30 June 2024

Equivalent in Hong Kong dollars	Spot assets	Spot liabilities	Forward purchases	Forward sales	Net options position	Net long/ (short) position	Net structural position
US Dollars	86,494,000	(87,487,000)	40,692,000	(33,152,000)	(428,000)	6,119,000	6,748,000
Pound Sterling	7,783,000	(5,675,000)	3,464,000	(5,533,000)	(17,000)	22,000	4,000
Euro Dollars	1,501,000	(1,179,000)	1,855,000	(2,440,000)	310,000	47,000	–
Renminbi	17,668,000	(16,538,000)	7,967,000	(8,854,000)	182,000	425,000	4,342,000
Canadian Dollars	1,436,000	(1,430,000)	62,000	(65,000)	–	3,000	–
Australian Dollars	2,692,000	(2,562,000)	1,539,000	(1,704,000)	–	(35,000)	–
Other currencies and gold	2,307,000	(1,813,000)	5,175,000	(5,560,000)	(47,000)	62,000	–
	119,881,000	(116,684,000)	60,754,000	(57,308,000)	–	6,643,000	11,094,000

As at 31 December 2023

Equivalent in Hong Kong dollars	Spot assets	Spot liabilities	Forward purchases	Forward sales	Net options position	Net long/ (short) position	Net structural position
US Dollars	93,411,000	(92,494,000)	47,660,000	(46,189,000)	(115,000)	2,273,000	6,469,000
Pound Sterling	8,314,000	(5,588,000)	3,064,000	(5,891,000)	–	(101,000)	4,000
Euro Dollars	1,230,000	(1,296,000)	1,582,000	(1,517,000)	(21,000)	(22,000)	–
Renminbi	18,850,000	(17,864,000)	8,975,000	(9,055,000)	–	906,000	3,888,000
Canadian Dollars	1,405,000	(1,393,000)	11,000	(14,000)	–	9,000	–
Australian Dollars	2,738,000	(2,740,000)	2,172,000	(2,126,000)	–	44,000	–
Other currencies and gold	2,015,000	(1,702,000)	8,211,000	(8,592,000)	136,000	68,000	–
	127,963,000	(123,077,000)	71,675,000	(73,384,000)	–	3,177,000	10,361,000

The net options position is calculated based on the delta-weighted positions of all foreign exchange option contracts.

The above disclosure is based on the significance of the Group's foreign currency exposures of the current period.