



上海商業銀行
SHANGHAI COMMERCIAL BANK

2025

GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT



SHANGHAI COMMERCIAL BANK LIMITED

(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

Contents

1	Condensed Consolidated Statement of Profit or Loss
2	Condensed Consolidated Statement of Comprehensive Income
3	Condensed Consolidated Statement of Financial Position
4	Condensed Consolidated Statement of Changes in Equity
5	Condensed Consolidated Statement of Cash Flows
7	Notes to the Group Interim Financial Disclosure Statement
40	Regulatory Disclosures (Unaudited)
66	Review of Operations
67	Statement of Compliance
68	Report on Review of Interim Financial Information



Welcome to Shanghai Commercial Bank Limited's website



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Interest income	6	4,594,825	5,240,459
Interest expense	6	(2,436,733)	(3,151,892)
Net interest income		2,158,092	2,088,567
Fee and commission income		405,235	344,374
Fee and commission expense		(34,736)	(30,407)
Net fee and commission income	7	370,499	313,967
Net trading income	8	256,099	196,096
Net (losses)/gains from disposal of investment securities at fair value through other comprehensive income		(13,402)	3,150
Dividend income from investment securities at fair value through other comprehensive income		103,192	210,370
Other operating income	9	360,541	30,282
Net loss from insurance services	10	(6,720)	(2,398)
Operating expenses	11	(1,100,596)	(1,017,790)
Credit impairment losses	12	(1,454,618)	(1,601,921)
Operating profit		673,087	220,323
Share of net profits of associates and joint venture		40,505	16,059
Profit before income tax		713,592	236,382
Income tax expense	13	(8,691)	(114,932)
Profit for the period		704,901	121,450
Attributable to:			
Equity holders of the Bank		699,839	119,515
Non-controlling interests		5,062	1,935
		704,901	121,450

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Profit for the period	704,901	121,450
Other comprehensive income		
<u>Items that may be reclassified to profit or loss</u>		
Currency translation difference arising from overseas operations	118,453	(55,222)
Investment securities at fair value through other comprehensive income		
– Change in fair value	532,982	353,673
– Change in credit impairment losses recognized in profit or loss	706	(2,061)
– Fair value changes transferred to profit or loss on disposal	13,402	(3,150)
– Deferred income tax	(90,154)	(57,836)
<u>Items that will not be reclassified to profit or loss</u>		
Equity investments at fair value through other comprehensive income		
– Change in fair value	845,656	491,296
– Deferred income tax	(5,206)	2,911
Share of reserves of associates and joint venture	1,453	1,985
Other comprehensive income for the period, net of tax	1,417,292	731,596
Net comprehensive income for the period	2,122,193	853,046
Attributable to:		
Equity holders of the Bank	2,116,979	851,111
Non-controlling interests	5,214	1,935
Net comprehensive income for the period	2,122,193	853,046

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2025 (unaudited)	31 December 2024 (audited)
ASSETS			
Cash and balances with banks	14	44,657,717	58,562,548
Placements with banks	15	39,533,794	26,106,090
Loans and advances to customers	16	68,855,340	75,426,755
Financial assets at fair value through profit or loss	22(b)	96,763	202,045
Derivative financial instruments	17	809,472	505,141
Investment securities at fair value through other comprehensive income	22(b)	62,019,273	53,313,796
Investment securities at amortized cost		3,063,273	4,909,880
Properties for sale	18	442,833	913,079
Investments in associates and joint venture		352,075	322,867
Properties and equipment	19	2,268,112	2,292,902
Investment properties	20	971,544	975,991
Current income tax assets		109,561	43,828
Deferred income tax assets	24	962,047	749,694
Assets held for sale		129,664	129,664
Other assets		4,728,711	2,976,725
TOTAL ASSETS		229,000,179	227,431,005
LIABILITIES			
Deposits and balances from banks		6,300,026	4,690,900
Deposits from customers	21	175,525,942	177,425,402
Derivative financial instruments	17	780,482	496,586
Subordinated debts	23	2,723,919	2,692,532
Other liabilities		3,057,798	3,739,604
Current income tax liabilities		238,567	134,674
Deferred income tax liabilities	24	10,832	10,247
TOTAL LIABILITIES		188,637,566	189,189,945
EQUITY			
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
Share capital		2,000,000	2,000,000
Retained earnings		26,265,942	25,475,571
Reserves	25	11,973,724	10,647,116
		40,239,666	38,122,687
Non-controlling interests in equity		122,947	118,373
TOTAL EQUITY		40,362,613	38,241,060
TOTAL EQUITY AND LIABILITIES		229,000,179	227,431,005

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity holders			Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings		
As at 1 January 2024		2,000,000	8,976,473	25,024,409	109,939	36,110,821
Profit for the period		–	–	119,515	1,935	121,450
Other comprehensive income net of tax		–	758,325	(26,729)	–	731,596
Net change in fair value of investment securities at fair value through other comprehensive income		–	784,833	–	–	784,833
Currency translation difference arising from overseas operations		–	(28,590)	(26,632)	–	(55,222)
Share of reserves of associates and joint venture		–	2,082	(97)	–	1,985
Net comprehensive income for the period		–	758,325	92,786	1,935	853,046
Payment of dividend relating to 2023		–	–	–	(480)	(480)
As at 30 June 2024 (unaudited)		2,000,000	9,734,798	25,117,195	111,394	36,963,387
As at 1 January 2025		2,000,000	10,647,116	25,475,571	118,373	38,241,060
Profit for the period		–	–	699,839	5,062	704,901
Other comprehensive income net of tax		–	1,326,608	90,532	152	1,417,292
Net change in fair value of investment securities at fair value through other comprehensive income	25	–	1,297,234	–	152	1,297,386
Currency translation difference arising from overseas operations	25	–	27,419	91,034	–	118,453
Share of reserves of associates and joint venture	25	–	1,955	(502)	–	1,453
Net comprehensive income for the period		–	1,326,608	790,371	5,214	2,122,193
Payment of dividend relating to 2024		–	–	–	(640)	(640)
As at 30 June 2025 (unaudited)		2,000,000	11,973,724	26,265,942	122,947	40,362,613

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Cash flows from operating activities			
Profit before income tax		713,592	236,382
Share of net profits of associates and joint venture		(40,505)	(16,059)
Credit impairment losses	12	1,454,618	1,601,921
Depreciation expenses		102,459	105,290
Amortization of computer software		12,149	7,203
Net (gains)/losses from disposal of equipment	9	(5)	7
Net losses/(gains) from disposal of investment securities at fair value through other comprehensive income		13,402	(3,150)
Net gains from sale of properties	9	(326,746)	–
Interest income on investment securities at amortized cost and at fair value through other comprehensive income	6	(1,085,606)	(682,963)
Interest expense on subordinated debts	6	88,572	96,169
Interest expense on lease liabilities	6	4,660	5,468
Dividend income on investment securities at fair value through other comprehensive income		(103,192)	(210,370)
Hong Kong profits tax paid		(97,542)	(328,297)
Overseas tax paid		(175,375)	(170,397)
Effect of exchange rate changes		(111,815)	49,353
Cash flows from operating activities before changes in operating assets and liabilities		448,666	690,557
Changes in operating assets and liabilities			
– Net decrease in balances with banks with original maturity beyond 3 months		1,994,482	3,997,447
– Net (increase)/decrease in placements with banks with original maturity beyond 3 months		(6,382,078)	6,327,159
– Net decrease/(increase) in financial assets at fair value through profit or loss		105,282	(25,400)
– Net increase in derivative financial instruments		(20,435)	(68,229)
– Net decrease in loans and advances to customers		6,020,366	4,075,271
– Net (increase)/decrease in other assets		(1,821,608)	359,640
– Net increase/(decrease) in deposits and balances from banks		1,425,758	(881,085)
– Net (decrease)/increase in deposits from customers		(3,558,343)	829,007
– Net (decrease)/increase in other liabilities		(204,635)	159,595
Net cash (used in)/generated from operating activities		(1,992,545)	15,463,962

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Cash flows from investing activities			
Interest received on investment securities at amortized cost and at fair value through other comprehensive income		781,301	567,918
Dividends received on investment securities at fair value through other comprehensive income		103,192	40,475
Dividends received from associates and joint venture		12,750	150
Purchases of properties and equipment		(36,030)	(7,994)
Additions of properties for sale		(94,897)	(19,023)
Additions of computer software		(7,133)	(24,335)
Proceeds from sale of equipment		9	9
Purchases of investment securities at amortized cost and at fair value through other comprehensive income		(29,197,450)	(23,682,521)
Proceeds from sale and redemption of investment securities at amortized cost and at fair value through other comprehensive income		25,376,955	22,632,991
Deposits and proceeds received from sale of properties		438,554	22,968
Net cash used in investing activities		(2,622,749)	(469,362)
Cash flows from financing activities			
Redemption of subordinated debts	26	–	(2,346,945)
Interest paid on subordinated debts		(86,768)	(145,992)
Payment of lease liabilities	26	(49,165)	(51,108)
Dividend paid to non-controlling interests		(640)	(480)
Net cash used in financing activities		(136,573)	(2,544,525)
Net (decrease)/increase in cash and cash equivalents		(4,751,867)	12,450,075
Cash and cash equivalents as at 1 January		71,360,536	69,703,686
Effect of exchange rate changes on cash and cash equivalents		773,568	(445,535)
Cash and cash equivalents as at 30 June		67,382,237	81,708,226
Represented by:			
Cash and balances with banks with less than 3 months' original maturity	14	43,773,958	67,468,904
Placements with banks with less than 3 months' original maturity	15	22,093,790	13,741,750
Debt securities – Exchange Fund Bills with less than 3 months' original maturity		1,514,489	497,572
		67,382,237	81,708,226
Cash flows from operating and investing activities included:			
Interest received		4,245,471	5,469,446
Interest paid		(2,621,635)	(3,042,672)

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

1 General information

Shanghai Commercial Bank Limited (the “Bank”) and its subsidiaries (together, the “Group”) are engaged in the provision of banking and related financial services in Hong Kong, United States, United Kingdom and the mainland China.

The Bank is a financial institution incorporated in Hong Kong. The address of its registered office is Shanghai Commercial Bank Tower, 12 Queen’s Road Central, Hong Kong.

The ultimate holding company is The Shanghai Commercial & Savings Bank, Ltd., which is incorporated in Taiwan.

This Group Interim Financial Disclosure Statement is presented in thousands of units of Hong Kong Dollars (HK\$’000), unless otherwise stated and was approved for issue by the Board of Directors on 20 August 2025.

2 Basis of preparation

This Group Interim Financial Disclosure Statement for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”. The Group Interim Financial Disclosure Statement should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the year ended 31 December 2024 that is included in the 2025 Group Interim Financial Disclosure Statement as comparative information does not constitute the Group’s statutory annual consolidated financial statements for that year but is derived from those financial statements.

The Group has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Group’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

3 Material accounting policy information

The material accounting policies applied in the preparation of the 2025 Group Interim Financial Disclosure Statement are consistent with those used and described in the Group’s audited annual financial statements for the year ended 31 December 2024, with further elaboration on the accounting policy for “revenue arising from the sale of properties” as follows:

Revenue arising from the sale of properties is recognized in the Group’s condensed consolidated statement of profit or loss on the basis that control over the ownership of the property has been passed to the customer during the current accounting period, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all the benefits of ownership of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the condensed consolidated statement of financial position under “other liabilities”.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

3 Material accounting policy information (Continued)

- (a) New and amended standards adopted by the Group for the period ended 30 June 2025

A number of new and amended standards become applicable for the current period. They do not have significant impact to the financial statements of the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 on Lack of Exchangeability	1 January 2025

- (b) New and amended standards issued but not yet effective

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group has not early adopted amendments and new standards that have been issued but are not yet effective.

4 Estimates

The preparation of the Group Interim Financial Disclosure Statement requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Group Interim Financial Disclosure Statement, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's audited annual financial statements for the year ended 31 December 2024.

5 Basis of consolidation

- (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

5 Basis of consolidation (Continued)

(a) Subsidiaries (Continued)

The following is a list of the subsidiaries as at 30 June 2025:

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Percentage of ordinary share capital held	30 June 2025 (unaudited)		31 December 2024 (audited)	
					Total assets	Total equity	Total assets	Total equity
Shanghai Commercial Bank (Nominees) Limited	Hong Kong	Nominee services Hong Kong	100 ordinary shares	100% ¹	10	10	10	10
Shanghai Commercial Bank Trustee Limited	Hong Kong	Trustee services Hong Kong	1,000 ordinary shares	60% ²	15,975	15,694	16,783	16,607
Shacom Futures Limited	Hong Kong	Advising and dealing in futures contracts Hong Kong	600,000 ordinary shares	100% ¹	73,508	52,890	80,392	53,302
Shacom Investment Limited	Hong Kong	Investment in Exchange Fund Bills and Notes Hong Kong	10,000 ordinary shares	100% ¹	4,236,198	13,619	4,089,194	13,389
Shacom Property Holdings (BVI) Limited	British Virgin Islands	Property holding United Kingdom	2 ordinary shares of US\$1 each	100% ¹	27,008	3,205	25,285	3,254
Shacom Property (NY), Inc.	United States of America	Property holding United States of America	10 ordinary shares of US\$1 each	100% ¹	5,424	5,424	5,392	5,392
Shacom Property (CA), Inc.	United States of America	Property holding United States of America	10 ordinary shares of US\$1 each	100% ¹	2,792	2,792	2,752	2,752
Shacom Assets Investments Limited	Hong Kong	Investment in notes and bonds Hong Kong	10,000 ordinary shares	100% ¹	1,086,938	4,941	1,086,938	4,965
Infinite Financial Solutions Limited	Hong Kong	Information Technology services provider Hong Kong	500,000 ordinary shares	100% ¹	41,775	27,978	36,648	26,470
Shacom Insurance Brokers Limited	Hong Kong	Insurance broker Hong Kong	1,000,000 ordinary shares	100% ¹	5,976	3,794	3,538	2,108
Shacom Securities Limited	Hong Kong	Securities brokerage services Hong Kong	2,000,000 ordinary shares	100% ¹	488,123	273,255	443,210	271,753
Hai Kwang Property Management Company Limited	Hong Kong	Property management Hong Kong	2 ordinary shares	100% ¹	1,059	897	989	826
Paofoong Insurance Company (Hong Kong) Limited	Hong Kong	Insurance Hong Kong	500,000 ordinary shares	60% ²	401,353	291,672	363,395	279,352
Right Honour Investments Limited	British Virgin Islands	Property holding Hong Kong	1 ordinary share of US\$1 each	100% ¹	4	(260)	8	(243)
Glory Step Westpoint Investments Limited	British Virgin Islands	Property holding Hong Kong	1 ordinary share of US\$1 each	100%	270,354	(82,066)	527,969	(46,893)
Silver Wisdom Westpoint Investments Limited	British Virgin Islands	Property holding Hong Kong	1 ordinary share of US\$1 each	100%	865,595	(77,686)	1,733,125	(128,693)
KCC 23F Limited	British Virgin Islands	Property holding Hong Kong	1 ordinary share of HK\$1 each	100% ¹	279,359	104,831	253,208	78,884
KCC 25F Limited	British Virgin Islands	Property holding Hong Kong	1 ordinary share of HK\$1 each	100% ¹	280,814	106,188	254,340	79,922
KCC 26F Limited	British Virgin Islands	Property holding Hong Kong	1 ordinary share of HK\$1 each	100% ¹	281,939	107,431	255,446	81,149

¹ Ordinary share capital is held directly by the Bank.

² 60% of ordinary share capital is held directly by the Bank and 40% of ordinary share capital is held by non-controlling interests in equity.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

5 Basis of consolidation (Continued)

(b) Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement and have right to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method, and are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group transacts with its associates or joint ventures, profits and losses resulting from such transactions are recognized in the Group's consolidated financial statements only to the extent of interests in the associates or joint ventures that are not related to the Group.

6 Net interest income

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Interest income		
Balances with banks and placements with banks	1,509,560	1,789,007
Investment securities at amortized cost	88,856	185,299
Investment securities at fair value through other comprehensive income	996,750	497,664
Loans and advances to customers	1,990,714	2,759,685
Others	8,945	8,804
	<u>4,594,825</u>	<u>5,240,459</u>
Interest income on financial assets that are not measured at fair value through profit or loss		
	<u>4,594,825</u>	<u>5,240,459</u>
Interest expense		
Deposits and balances from banks	96,989	91,881
Deposits from customers	2,242,455	2,953,969
Subordinated debts	88,572	96,169
Lease liabilities	4,660	5,468
Others	4,057	4,405
	<u>2,436,733</u>	<u>3,151,892</u>
Interest expense on financial liabilities that are not measured at fair value through profit or loss		
	<u>2,436,733</u>	<u>3,151,892</u>

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

7 Net fee and commission income

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Fee and commission income		
Bills	21,331	25,276
Nominees, custodian and securities brokerage	105,171	66,254
Investment products	54,346	31,990
Remittance	25,818	26,584
Credit cards	25,637	26,282
Retail banking	23,031	22,839
Safe deposit boxes	31,198	30,919
Insurance	45,679	30,679
Loans and advances and facility fees	71,303	81,930
Trust and other commissions	1,721	1,621
Total fee and commission income	405,235	344,374
Less: fee and commission expense	(34,736)	(30,407)
Net fee and commission income	370,499	313,967
Of which:		
Net fee and commission income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not measured at fair value through profit or loss		
– fee and commission income	118,271	133,488
– fee and commission expense	3,790	3,625
Net fee and commission income on trust and other fiduciary activities		
– fee and commission income	11,628	10,550

8 Net trading income

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Foreign exchange	222,212	168,555
Interest rate instruments	8,852	21,314
Equity instruments:		
– Trading gains/(losses)	4,509	(3,310)
– Dividend income	901	711
Other trading income	19,625	8,826
	256,099	196,096

“Foreign exchange” includes gains and losses from spot, forward and option contracts, swaps and translated foreign currency assets and liabilities, which are not designated as qualifying hedging relationship. “Interest rate instruments” include the results of trading in government securities, corporate debt securities, money market instruments and interest rate swaps. “Equity instruments” include equity securities.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

9 Other operating income

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Gross rental income from investment properties (Note a)	29,276	24,990
Net gains from sale of properties (Note b)	326,746	–
Net gains/(losses) from disposal of equipment	5	(7)
Others	4,514	5,299
	<u>360,541</u>	<u>30,282</u>

Note a: Direct operating expenses arising from investment properties of HK\$13,000 (six months ended 30 June 2024: HK\$34,000) are included in premises management expenses (Note 11).

Note b: The Group completed the redevelopment project in West Point in January 2025 and handed over the sold residential units to the buyers. For the six months ended 30 June 2025, the Group recognized net gains from the sale of properties amounting to HK\$326,746,000 (six months ended 30 June 2024: Nil). This was attributable to sales proceeds of HK\$891,889,000 (six months ended 30 June 2024: Nil), net of direct costs of HK\$565,143,000 (six months ended 30 June 2024: Nil).

10 Net loss from insurance services

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Insurance revenue	23,951	25,431
Insurance service expenses	(24,924)	(20,379)
Net expenses from reinsurance contracts held	(4,606)	(5,772)
Net insurance finance expenses	(1,141)	(1,678)
	<u>(6,720)</u>	<u>(2,398)</u>

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

11 Operating expenses

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Auditor's remuneration		
Audit services (Note a)	6,193	6,021
Non-audit-related services (Note b)	2,294	4,370
Premises management expenses	27,067	22,297
Depreciation expenses		
Properties and equipment	48,362	50,893
Right-of-use assets	49,650	49,951
Investment properties	4,447	4,446
Amortization of computer software	12,149	7,203
Employee benefit expenses		
Wages and salaries and other costs (Note c)	651,944	599,655
Pension costs – defined contribution schemes	48,754	48,599
Expenses relating to short-term and low-value leases	1,327	1,981
Information technology and communications	71,256	60,100
Legal and consultancy	37,494	42,614
Printing, stationery and postage	10,557	10,563
Promotion and advertising	36,672	15,254
Others	92,430	93,843
	1,100,596	1,017,790

Note a: The above auditor's remuneration for audit services represents the fee for the audit of the Group's financial information for the interim and annual period to comply with the statutory and regulatory requirements in Hong Kong and Taiwan and is accrued on a pro-rata basis.

Note b: The above fee for non-audit-related services includes the fee for the review under Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" for the first quarter results of the Group in accordance with the regulatory requirements of the ultimate holding company in Taiwan.

Note c: Employee benefit expenses include directors' emoluments. The number of employees of the Group as at 30 June 2025 was 1,991 (30 June 2024: 1,919).

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

12 Credit impairment losses

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Loans and advances to customers	1,461,755	1,588,657
Balances with banks and placements with banks	(81)	(646)
Investment securities	655	(2,050)
Other assets	11,750	8,244
Loan commitments and financial guarantee contracts	(19,461)	7,716
	<u>1,454,618</u>	<u>1,601,921</u>

13 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2024: 16.5%) on the estimated assessable profits for the six months ended 30 June 2025. Taxation on overseas profits has been calculated on the estimated assessable profits for the six months ended 30 June 2025 at the rates of taxation prevailing in the countries in which the Group operates.

The Group is subject to the Organization for Economic Co-operation and Development ("OECD") Pillar Two model rules. On 6 June 2025, Hong Kong enacted Pillar Two legislation, which became effective on 1 January 2025. Under the new rules, the Group is liable to pay a top-up tax for the difference between its effective tax rate per jurisdiction under Pillar Two model rules and the minimum effective tax rate of 15%. The Group's effective tax rates under Pillar Two model rules in all jurisdictions exceed 15%, resulting in no top-up tax liability for the six months ended 30 June 2025.

In accordance with the amendments to HKAS 12 "Income Taxes", the Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amount of taxation charged to the statement of profit or loss represents:

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Current income tax:		
– Hong Kong profits tax	199,477	181,370
– Overseas taxation	112,761	154,177
– (Over)/Under provisions in respect of prior years	(555)	251
Total current income tax	<u>311,683</u>	<u>335,798</u>
Deferred income tax:		
– Hong Kong deferred tax	(93,301)	(235,594)
– Overseas deferred tax	(209,691)	14,728
Total deferred income tax (Note 24)	<u>(302,992)</u>	<u>(220,866)</u>
Income tax expense	<u>8,691</u>	<u>114,932</u>

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

14 Cash and balances with banks

	30 June 2025 (unaudited)	31 December 2024 (audited)
Cash in hand	543,034	985,889
Balances with central banks and Hong Kong Monetary Authority	2,714,586	2,491,594
Balances with banks	<u>41,401,096</u>	<u>55,086,425</u>
	44,658,716	58,563,908
Less: Stage 1 credit impairment allowances	<u>(999)</u>	<u>(1,360)</u>
	44,657,717	58,562,548
Gross amount of cash and balances with banks	44,658,716	58,563,908
Less: Amount with an original maturity beyond 3 months or deposits with designated banks subject to regulatory requirement	<u>(884,758)</u>	<u>(2,879,241)</u>
Amount included in cash and cash equivalents	<u>43,773,958</u>	<u>55,684,667</u>

Included in the above amounts, HK\$375,682,000 (31 December 2024: HK\$272,760,000) were deposited in central banks or designated banks as at 30 June 2025, to comply with the statutory requirements of respective jurisdiction in which the Group is operating the business.

15 Placements with banks

	30 June 2025 (unaudited)	31 December 2024 (audited)
Placements with banks maturing between 1 and 12 months	39,534,690	26,106,706
Less: Stage 1 credit impairment allowances	<u>(896)</u>	<u>(616)</u>
	39,533,794	26,106,090
Gross amount of placements with banks	39,534,690	26,106,706
Less: Amount with an original maturity beyond 3 months or deposits with designated banks subject to regulatory requirement	<u>(17,440,900)</u>	<u>(11,027,735)</u>
Amount included in cash and cash equivalents	<u>22,093,790</u>	<u>15,078,971</u>

Included in the above amounts, HK\$47,099,000 (31 December 2024: HK\$200,614,000) were deposited with designated banks in the mainland China as at 30 June 2025, to comply with the local statutory requirements.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

16 Loans and advances to customers

	30 June 2025 (unaudited)	31 December 2024 (audited)
Gross loans and advances to customers	70,514,910	76,683,508
Less: credit impairment allowances		
– Stage 1	(248,857)	(84,723)
– Stage 2	(270,713)	(171,470)
– Stage 3	(1,140,000)	(1,000,560)
	<u>68,855,340</u>	<u>75,426,755</u>
Gross trade bills and other eligible bills, included within gross loans and advances to customers	197,900	156,155
Less: credit impairment allowances on trade bills		
– Stage 1	(155)	(74)
– Stage 2	(12)	(36)
	<u>197,733</u>	<u>156,045</u>

The Group accepted listed securities at fair value of HK\$1,822,923,000 as at 30 June 2025 (31 December 2024: HK\$2,362,754,000) as collateral for shares financing facilities. These securities are permitted to be sold or re-pledged in the event of default by the borrowers.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

16 Loans and advances to customers (Continued)

(a) Loans and advances (excluding trade bills and other eligible bills) by industry sector

The following table shows the breakdown of the Group's loans and advances (excluding trade bills and other eligible bills) by industry sector according to the usage of loans based on the categories and definitions set by the Hong Kong Monetary Authority.

	30 June 2025 (unaudited)		31 December 2024 (audited)	
	Balance	% covered by collateral	Balance	% covered by collateral
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	3,706,011	29%	3,870,207	29%
– Property investment	4,020,912	90%	4,076,059	90%
– Financial concerns	517,624	68%	847,417	55%
– Stockbrokers	41,345	100%	19,656	100%
– Wholesale and retail trade	715,873	84%	752,514	82%
– Manufacturing	777,350	63%	719,826	70%
– Transport and transport equipment	99,074	86%	440,684	22%
– Recreational activities	1,961,137	15%	1,994,698	19%
– Information technology – telecommunication	5,081	98%	4,998	100%
– Hotels, boarding houses and catering	1,815,968	71%	1,904,582	72%
– Others	10,066,148	62%	10,727,160	45%
Individuals				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	47,878	99%	39,511	100%
– Loans for the purchase of other residential properties	4,503,268	100%	3,320,034	100%
– Credit card advances	170,274	0%	187,041	0%
– Others	4,889,755	91%	5,187,469	92%
Trade financing	6,446,818	51%	7,582,584	51%
Loans for use outside Hong Kong	30,532,494	85%	34,852,913	88%
	70,317,010	74%	76,527,353	73%

As at 30 June 2025 and 31 December 2024, the Bank did not have exposures to individual industry sector constituting 10% or more of the Group's total amount of loans and advances.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

16 Loans and advances to customers (Continued)

(b) Loans and advances (excluding trade bills and other eligible bills) by geographical area

The information concerning the breakdown of the gross amount of loans and advances to customers (excluding trade bills and other eligible bills) by country or geographical area is derived according to the location of the customers after taking into account any transfer of risk. In general, such transfer of risk takes place if the loans and advances are guaranteed by a party in a country which is different from that of the customers.

As at 30 June 2025 (unaudited)	Balance	Stage 3 balance	Balance overdue for over 3 months	Total Stage 3 credit impairment allowances	Total Stage 1 and Stage 2 credit impairment allowances
Hong Kong	45,932,485	2,223,128	1,693,254	436,978	332,301
Mainland China	3,326,864	208,868	74,744	211,247	130,790
United States	18,926,308	3,054,187	2,101,867	491,745	50,894
Others	2,131,353	41	–	30	5,418
	<u>70,317,010</u>	<u>5,486,224</u>	<u>3,869,865</u>	<u>1,140,000</u>	<u>519,403</u>
% of total loans and advances to customers		<u>7.80</u>			
Fair value of collateral		<u>7,714,017</u>			

As at 31 December 2024 (audited)	Balance	Stage 3 balance	Balance overdue for over 3 months	Total Stage 3 credit impairment allowances	Total Stage 1 and Stage 2 credit impairment allowances
Hong Kong	48,366,999	2,056,284	1,608,560	462,646	211,381
Mainland China	3,467,236	535,663	330,676	537,914	3,884
United States	22,532,941	1,074,011	950,104	–	38,853
Others	2,160,177	4,510	–	–	1,965
	<u>76,527,353</u>	<u>3,670,468</u>	<u>2,889,340</u>	<u>1,000,560</u>	<u>256,083</u>
% of total loans and advances to customers		<u>4.80</u>			
Fair value of collateral		<u>4,432,480</u>			

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

16 Loans and advances to customers (Continued)

(c) Loans and advances (excluding trade bills and other eligible bills) overdue for more than 3 months

	30 June 2025 (unaudited)		31 December 2024 (audited)	
		% of gross loans and advances to customers		% of gross loans and advances to customers
Balances which have been overdue for:				
– 6 months or less but over 3 months	959,735	1.36	1,407,035	1.83
– 1 year or less but over 6 months	1,739,432	2.47	1,171,350	1.53
– over 1 year	1,170,698	1.67	310,955	0.41
	<u>3,869,865</u>	<u>5.50</u>	<u>2,889,340</u>	<u>3.77</u>
Current market value of collateral	<u>5,428,742</u>		<u>4,072,451</u>	
Covered portion by collateral	<u>3,354,916</u>		<u>2,314,905</u>	
Uncovered portion by collateral	<u>514,949</u>		<u>574,435</u>	
Credit impairment allowances	<u>955,371</u>		<u>758,164</u>	

Collateral held against such loans and advances mainly include properties.

(d) Rescheduled loans and advances (net of amounts included in loans and advances overdue for more than 3 months)

	30 June 2025 (unaudited)		31 December 2024 (audited)	
		% of gross loans and advances to customers		% of gross loans and advances to customers
Rescheduled loans and advances	<u>1,706</u>	<u>0.002</u>	<u>1,783</u>	<u>0.002</u>

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

17 Derivative financial instruments

As at 30 June 2025 (unaudited)	Contract amount	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Exchange rate contracts	165,303,979	792,517	(763,527)
Interest rate contracts	2,280,000	16,955	(16,955)
Total recognized derivative assets/(liabilities)		809,472	(780,482)

As at 31 December 2024 (audited)	Contract amount	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Exchange rate contracts	112,964,131	505,141	(496,586)
Interest rate contracts	–	–	–
Total recognized derivative assets/(liabilities)		505,141	(496,586)

	Credit risk weighted amount	
	30 June 2025 (unaudited)	31 December 2024 (audited)
Derivatives held for trading	526,036	771,075

The contract amounts of these instruments indicate the volume of transactions outstanding as at the reporting date, they do not represent the amounts at risk.

The credit risk weighted amounts are calculated in accordance with the standardized (counterparty credit risk) approach as stipulated in the Banking (Capital) Rules.

The above fair values have not taken into account the effect of bilateral netting arrangements and accordingly the amounts disclosed are shown on a gross basis.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

17 Derivative financial instruments (Continued)

The Group uses the following derivative strategies:

- Trading purposes (customer needs)

The Group offers its customers derivatives in connection with their risk management actions to transfer, modify or reduce their interest rate, foreign exchange and other market/credit risks or for their own trading purposes. As part of this process, the Group considers the customers' suitability for the risk involved, and the business purpose for the transaction. The Group also manages its derivative-risk positions through offsetting trade activities, controls focused on price verification, and daily reporting of positions to senior managers.

- Trading purposes (own account)

The Group trades derivatives for its own account. These derivatives are entered into in order to take proprietary positions. Trading limits and price verification controls are key aspects of this activity.

18 Properties for sale

	30 June 2025 (unaudited)	31 December 2024 (audited)
Property development		
Leasehold land held for development for sale	171,826	381,187
Building development cost	<u>271,007</u>	<u>531,892</u>
	<u>442,833</u>	<u>913,079</u>

The Group completed the redevelopment project in West Point in January 2025 and handed over the sold residential units to the buyers. The above balance of HK\$442,833,000 as at 30 June 2025 (31 December 2024: HK\$913,079,000) represented the costs of the unsold residential units. The net gains from the sale of properties were included in other operating income (Note 9) and the deposits received from the buyers based on payment schedules established in contracts were included in "other liabilities".

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

19 Properties and equipment

	Leasehold land	Bank premises	Furniture, fittings and equipment	Property under development		Right-of-use assets	Total
				Leasehold land	Development cost		
As at 1 January 2024							
Cost	1,391,522	1,080,719	1,016,690	97,823	112,770	590,838	4,290,362
Accumulated depreciation	(247,929)	(409,544)	(878,782)	(1,294)	–	(368,800)	(1,906,349)
Net book amount	<u>1,143,593</u>	<u>671,175</u>	<u>137,908</u>	<u>96,529</u>	<u>112,770</u>	<u>222,038</u>	<u>2,384,013</u>
Year ended 31 December 2024							
Opening net book amount	1,143,593	671,175	137,908	96,529	112,770	222,038	2,384,013
Additions	–	–	19,458	–	11,784	79,039	110,281
Disposals/write-off/expiry							
Cost	–	–	(30,010)	–	–	(246,940)	(276,950)
Accumulated depreciation	–	–	29,625	–	–	246,940	276,565
Depreciation charge	(17,432)	(25,796)	(57,341)	(110)	–	(99,013)	(199,692)
Exchange adjustments	–	(823)	(246)	–	–	(246)	(1,315)
Closing net book amount	<u>1,126,161</u>	<u>644,556</u>	<u>99,394</u>	<u>96,419</u>	<u>124,554</u>	<u>201,818</u>	<u>2,292,902</u>
As at 31 December 2024 (audited)							
Cost	1,391,522	1,079,352	1,004,829	97,823	124,554	418,529	4,116,609
Accumulated depreciation	(265,361)	(434,796)	(905,435)	(1,404)	–	(216,711)	(1,823,707)
Net book amount	<u>1,126,161</u>	<u>644,556</u>	<u>99,394</u>	<u>96,419</u>	<u>124,554</u>	<u>201,818</u>	<u>2,292,902</u>
Six months ended 30 June 2025							
Opening net book amount	<u>1,126,161</u>	<u>644,556</u>	<u>99,394</u>	<u>96,419</u>	<u>124,554</u>	<u>201,818</u>	<u>2,292,902</u>
Additions	–	29,548	6,482	–	–	33,624	69,654
Adjustments	–	–	–	–	–	(156)	(156)
Transfers							
Cost	97,823	124,554	–	(97,823)	(124,554)	–	–
Accumulated depreciation	(1,404)	–	–	1,404	–	–	–
Disposals/write-off/expiry							
Cost	–	–	(1,591)	–	–	(45,180)	(46,771)
Accumulated depreciation	–	–	1,587	–	–	45,180	46,767
Depreciation charge	(8,770)	(14,613)	(24,979)	–	–	(49,650)	(98,012)
Exchange adjustments	–	2,613	907	–	–	208	3,728
Closing net book amount	<u>1,213,810</u>	<u>786,658</u>	<u>81,800</u>	<u>–</u>	<u>–</u>	<u>185,844</u>	<u>2,268,112</u>
As at 30 June 2025 (unaudited)							
Cost	1,489,345	1,237,830	1,013,223	–	–	407,852	4,148,250
Accumulated depreciation	(275,535)	(451,172)	(931,423)	–	–	(222,008)	(1,880,138)
Net book amount	<u>1,213,810</u>	<u>786,658</u>	<u>81,800</u>	<u>–</u>	<u>–</u>	<u>185,844</u>	<u>2,268,112</u>

Upon completion of the redevelopment project in West Point in January 2025, the Group transferred the commercial floors retained for its own use from “property under development” to “leasehold land” and “bank premises” respectively.

As at 30 June 2025, interests in freehold land outside Hong Kong amounted to HK\$35,096,000 (31 December 2024: HK\$33,385,000) were included as “bank premises” above.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

20 Investment properties

	Leasehold land	Buildings	Total
As at 1 January 2024			
Cost	725,305	335,666	1,060,971
Accumulated depreciation	(13,867)	(62,220)	(76,087)
Net book amount	711,438	273,446	984,884
Year ended 31 December 2024			
Opening net book amount	711,438	273,446	984,884
Depreciation charge	(865)	(8,028)	(8,893)
Closing net book amount	710,573	265,418	975,991
As at 31 December 2024 (audited)			
Cost	725,305	335,666	1,060,971
Accumulated depreciation	(14,732)	(70,248)	(84,980)
Net book amount	710,573	265,418	975,991
Six months ended 30 June 2025			
Opening net book amount	710,573	265,418	975,991
Depreciation charge	(433)	(4,014)	(4,447)
Closing net book amount	710,140	261,404	971,544
As at 30 June 2025 (unaudited)			
Cost	725,305	335,666	1,060,971
Accumulated depreciation	(15,165)	(74,262)	(89,427)
Net book amount	710,140	261,404	971,544

As at 30 June 2025, the Group's investment properties were valued at HK\$2,028,550,000 (31 December 2024: HK\$2,024,500,000) by an independent firm, Colliers International (Hong Kong) Limited (31 December 2024: Cushman & Wakefield Limited), which has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued. The valuations were performed on an open market value basis.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

20 Investment properties (Continued)

Operating lease commitments as a lessor

Where a group company is the lessor, the future minimum lease receivables under non-cancellable leases are as follows:

	30 June 2025 (unaudited)	31 December 2024 (audited)
Not later than 1 year	51,511	49,437
1 to 2 years	29,110	33,583
2 to 5 years	55,306	64,198
	<u>135,927</u>	<u>147,218</u>

The Group leases its investment properties under operating lease arrangements, with leases typically for a period from 2 to 5 years. The terms of the leases generally require the tenants to pay security deposits and provide for rent adjustments according to the prevailing market conditions at the expiration of the lease.

21 Deposits from customers

	30 June 2025 (unaudited)	31 December 2024 (audited)
Demand deposits and current accounts	14,949,456	12,992,850
Savings deposits	39,234,087	36,907,811
Time, call and notice deposits	120,949,911	127,136,558
Deposits from Hong Kong Government Exchange Fund	392,488	388,183
	<u>175,525,942</u>	<u>177,425,402</u>

22 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

(i) Balances with banks and placements with banks

Balances with banks and placements with banks are stated net of impairment allowances. The maturities of these financial assets are within one year. The carrying amount at the reporting date approximates their fair value.

(ii) Loans and advances to customers

Loans and advances are stated net of impairment allowances. An insignificant portion of loans and advances to customers bears interest at fixed rate. The carrying amount at the reporting date approximates their fair value.

(iii) Investment securities at amortized cost

The fair value of investment securities at amortized cost is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The fair value of investment securities at amortized cost is classified under Level 1 (30 June 2025: HK\$3,069,920,000; 31 December 2024: HK\$3,678,632,000) and Level 2 (30 June 2025: Nil; 31 December 2024: HK\$1,239,410,000) in the fair value hierarchy. Please refer to Note 22(b) for the definition of fair value hierarchy.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

22 Fair value of financial assets and liabilities (Continued)

(a) Financial instruments not measured at fair value (Continued)

(iv) Deposits and balances from banks and deposits from customers

Substantially all the deposits and balances from banks and deposits from customers will mature within 1 year from the reporting date. The carrying amount at the reporting date approximates their fair value.

(v) Subordinated debts

The fair value of subordinated debts of HK\$2,809,614,000 (31 December 2024: HK\$2,753,091,000) is classified under Level 2 in the fair value hierarchy.

(b) Fair value hierarchy

Valuation governance

The Group has in place fair valuation policy to ensure adequate governance and control processes for the designation and valuation of financial instruments to be measured at fair value for financial reporting, risk management and regulatory capital purposes. The valuation process is conducted by control units independent of risk taking units.

The Group is to recognize transfers into and transfers out of fair value hierarchy levels as of that date of the event or change in circumstances that caused the transfer.

HKFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt securities on exchanges.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes instruments such as over-the-counter derivative contracts and unlisted debt securities. Observable parameters that are used as input include market data such as interest rate yield curves and exchange rate implied volatilities.

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes unlisted equity securities and unlisted debt securities with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

22 Fair value of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

Recurring fair value measurement

As at 30 June 2025 (unaudited)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Debt securities	–	41,782	–	41,782
Equity securities	39,462	–	15,519	54,981
Derivative financial instruments				
Exchange rate contracts	–	792,517	–	792,517
Interest rate contracts	–	16,955	–	16,955
Investment securities at fair value through other comprehensive income				
Debt securities	34,391,045	21,868,934	2,874	56,262,853
Equity securities (Note a)	5,098,491	–	657,929	5,756,420
Total Assets	39,528,998	22,720,188	676,322	62,925,508
Derivative financial instruments				
Exchange rate contracts	–	763,527	–	763,527
Interest rate contracts	–	16,955	–	16,955
Total Liabilities	–	780,482	–	780,482
As at 31 December 2024 (audited)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Debt securities	–	151,574	–	151,574
Equity securities	34,952	–	15,519	50,471
Derivative financial instruments				
Exchange rate contracts	–	505,141	–	505,141
Interest rate contracts	–	–	–	–
Investment securities at fair value through other comprehensive income				
Debt securities	29,995,530	18,404,629	2,874	48,403,033
Equity securities (Note a)	4,248,620	–	662,143	4,910,763
Total Assets	34,279,102	19,061,344	680,536	54,020,982
Derivative financial instruments				
Exchange rate contracts	–	496,586	–	496,586
Interest rate contracts	–	–	–	–
Total Liabilities	–	496,586	–	496,586

Note a: As at 30 June 2025, equity securities designated at fair value through other comprehensive income amounting to HK\$5,756,420,000 (31 December 2024: HK\$4,910,763,000) were for long term investment purpose, of which HK\$4,956,069,000 (31 December 2024: HK\$4,141,966,000) were the fair value of the Bank's investment in Bank of Shanghai, China.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

22 Fair value of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

There were no significant transfers of financial assets or liabilities between level 1 and level 2 fair value hierarchy classifications.

Level 2 fair values of unlisted debt securities are determined based on quotes from brokers. The most significant input is discount rate of the instruments.

Level 2 fair values of exchange rate contracts and interest rate contracts are determined using the appropriate foreign exchange rates, interest rate yield curves and where applicable, the implied option volatility at the reporting date, with the expected cash-flow discounted back to present value.

Level 3 fair values of unlisted equity securities and debentures are determined based on valuation techniques using significant unobservable inputs, which includes the market comparison approach and the dividend discount approach. The fair value is affected by the price to book ratio of appropriate comparables, sustainable growth rate or discount rate.

If the significant unobservable inputs would be shifted by +/- 5%, the impact on other comprehensive income would be increased by HK\$20,720,000 (31 December 2024: HK\$11,027,000) or decreased by HK\$18,484,000 (31 December 2024: HK\$9,307,000) and profit or loss would be increased/decreased by HK\$776,000 (31 December 2024: HK\$776,000) respectively.

The following table presents the changes in level 3 instruments for the period ended 30 June 2025 and year ended 31 December 2024 respectively.

	Financial assets at fair value through profit or loss		Investment securities at fair value through other comprehensive income		
	Equity securities	Total	Equity securities	Debt securities	Total
As at 1 January 2024	13,785	13,785	688,681	2,874	691,555
Total gains					
– Profit	1,734	1,734	–	–	–
– Other comprehensive income	–	–	(2,670)	–	(2,670)
Exchange adjustments	–	–	(23,868)	–	(23,868)
As at 31 December 2024 (audited) and 1 January 2025	15,519	15,519	662,143	2,874	665,017
Total gains					
– Other comprehensive income	–	–	(24,422)	–	(24,422)
Exchange adjustments	–	–	20,208	–	20,208
As at 30 June 2025 (unaudited)	15,519	15,519	657,929	2,874	660,803

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

23 Subordinated debts

	30 June 2025 (unaudited)	31 December 2024 (audited)
US\$350 million fixed rate subordinated notes issued due 2033 at amortized cost	2,723,919	2,692,532

This represents US\$350,000,000 Basel III compliant 10-year subordinated fixed rate notes qualifying as Tier 2 capital of the Bank in accordance with the Banking (Capital) Rules ("BCR"), which are listed on the Hong Kong Stock Exchange. The notes will mature on 28 February 2033 with an optional redemption date falling on 28 February 2028. Interest at 6.375% p.a. is payable semi-annually from the issue date to the optional redemption date. Thereafter, if the notes are not redeemed, the interest rate will be reset and the notes will bear interest at the prevailing 5-year U.S. Treasury Rate plus 240 basis points. The Bank may, subject to receiving the prior approval of the Hong Kong Monetary Authority, redeem the notes at the option of the Bank in whole but not in part, at par either on the optional redemption date or for tax or regulatory reasons at any time prior to maturity of the notes.

24 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

Deferred income tax assets	Credit impairment allowances	Accelerated tax depreciation	Fair value losses/(gains) on investment securities at fair value through other comprehensive income	Others	Total
As at 1 January 2024	357,091	(49,717)	88,864	36,661	432,899
Credited/(charged) to the statement of profit or loss (Note a)	405,200	5,763	–	(18,984)	391,979
Exchange adjustments	(2,528)	144	–	(173)	(2,557)
Charged to other comprehensive income	–	–	(72,662)	–	(72,662)
Reclassified (to)/from deferred income tax liabilities	(2)	–	(29)	66	35
As at 31 December 2024 (audited) and 1 January 2025	759,761	(43,810)	16,173	17,570	749,694
Credited to the statement of profit or loss (Note a)	277,080	5,053	–	21,052	303,185
Exchange adjustments	3,793	(6)	–	385	4,172
Charged to other comprehensive income	–	–	(95,286)	–	(95,286)
Reclassified from/(to) deferred income tax liabilities	3	–	(45)	324	282
As at 30 June 2025 (unaudited)	1,040,637	(38,763)	(79,158)	39,331	962,047

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

24 Deferred income tax (Continued)

Deferred income tax liabilities	Credit impairment allowances	Accelerated tax depreciation	Fair value losses/(gains) on investment securities at fair value through other comprehensive income	Others	Total
As at 1 January 2024	365	(19,617)	–	10,251	(9,001)
(Charged)/credited to the statement of profit or loss (Note a)	(11)	(1,861)	–	652	(1,220)
Exchange adjustments	(7)	16	–	–	9
Reclassified from/(to) deferred income tax assets	2	–	29	(66)	(35)
As at 31 December 2024 (audited) and 1 January 2025	349	(21,462)	29	10,837	(10,247)
Credited/(charged) to the statement of profit or loss (Note a)	154	(33)	–	(314)	(193)
Exchange adjustments	46	(82)	–	–	(36)
Charged to other comprehensive income	–	–	(74)	–	(74)
Reclassified (to)/from deferred income tax assets	(3)	–	45	(324)	(282)
As at 30 June 2025 (unaudited)	546	(21,577)	–	10,199	(10,832)

Note a: Total deferred income tax credited/(charged) to the statement of profit or loss arising from: (Note 13)

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Deferred income tax assets	303,185	220,810
Deferred income tax liabilities	(193)	56
	302,992	220,866

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

25 Reserves attributable to equity holders

	Regulatory reserve (Note a)	Investment revaluation reserve	General and other reserves	Total
As at 1 January 2024	934,316	878,438	7,163,719	8,976,473
Net change in fair value of investment securities at fair value through other comprehensive income (Note b)	–	1,701,162	–	1,701,162
Currency translation difference arising from overseas operations	(2,544)	–	(30,438)	(32,982)
Share of reserves of associates and joint venture	–	2,065	398	2,463
As at 31 December 2024 (audited) and 1 January 2025	931,772	2,581,665	7,133,679	10,647,116
Net change in fair value of investment securities at fair value through other comprehensive income (Note b)	–	1,297,234	–	1,297,234
Currency translation difference arising from overseas operations	2,213	–	25,206	27,419
Share of reserves of associates and joint venture	–	1,592	363	1,955
As at 30 June 2025 (unaudited)	933,985	3,880,491	7,159,248	11,973,724

Note a: The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance and local regulatory requirements of overseas branches for prudent supervision purpose. Any movements in the regulatory reserve for Hong Kong operations are made in consultation with the Hong Kong Monetary Authority.

Note b: For the six months ended 30 June 2025, net change in fair value of investment securities at fair value through other comprehensive income was a gain of HK\$1,297,234,000 (for the year ended 31 December 2024: gain of HK\$1,701,162,000) due to the net increase in fair value of HK\$840,450,000 (for the year ended 31 December 2024: net increase of HK\$1,292,516,000) on equities holdings and HK\$456,784,000 (for the year ended 31 December 2024: net increase of HK\$408,646,000) from debt securities portfolio. As at 30 June 2025, the debt securities at fair value through other comprehensive income had 99% (31 December 2024: 98%) in investment grade based on Standard & Poor's ratings or their equivalents while 86% (31 December 2024: 90%) of the portfolio maturing within 3 years.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

26 Other cash flow information

Reconciliation of liabilities arising from financing activities

	Subordinated debts	
	2025	2024
As at 1 January	2,692,532	5,041,686
Cash outflow for redemption of subordinated debts	–	(2,346,945)
Non-cash changes:		
– Foreign exchange movement	29,869	1,264
– Amortization of discount and issuance cost	1,518	10,308
As at 30 June (unaudited)	2,723,919	2,706,313

	Lease liabilities	
	2025	2024
As at 1 January	206,204	224,732
Payment of lease liabilities	(49,165)	(51,108)
Non-cash changes:		
– Additions	25,878	60,084
– Other changes	5,057	5,096
As at 30 June (unaudited)	187,974	238,804

Note: Lease liabilities are included in “other liabilities” in statement of financial position.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

27 Contingent liabilities and commitments

(a) Credit commitments

The contract and credit risk weighted amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers are as follows:

	30 June 2025 (unaudited)	31 December 2024 (audited)
Contract amounts		
Direct credit substitutes	1,450,226	1,543,658
Trade-related contingencies	1,263,410	1,296,331
Forward forward deposits placed	751,956	216,545
Other commitments with an original maturity of:		
– under 1 year	3,048,477	2,232,294
– 1 year and over	2,470,220	3,364,907
– unconditionally cancellable	26,775,184	27,759,238
	<u>35,759,473</u>	<u>36,412,973</u>
Credit risk weighted amounts	<u>5,323,268</u>	<u>2,908,698</u>

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are therefore subject to the same credit origination, portfolio maintenance and collateral requirements as for customers applying for loans.

(b) Capital commitments

Capital expenditure for the acquisition of properties and equipment outstanding as at the reporting date but not yet incurred is as follows:

	30 June 2025 (unaudited)	31 December 2024 (audited)
Contracted but not provided for	<u>150,477</u>	<u>84,524</u>

(c) Other contingent liabilities

The Group is involved in legal actions which are in relation to its normal business operations. No material provision was made for those actions against the Group because the management believes that the Group has adequate grounds to defend against the claimants or the amounts involved in those actions are not expected to be material.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

28 Maturity analysis

The table below analyzes the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

As at 30 June 2025 (unaudited)	Repayable on demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Total
Assets								
Cash and balances with banks	4,894,201	39,763,516	-	-	-	-	-	44,657,717
Placements with banks	-	-	27,859,546	11,674,248	-	-	-	39,533,794
Loans and advances to customers	4,489,426	5,574,642	5,929,259	12,803,381	22,243,169	13,695,297	4,120,166	68,855,340
Financial assets at fair value through profit or loss	-	-	41,782	-	-	-	54,981	96,763
Derivative financial instruments	-	275,390	233,560	277,894	22,628	-	-	809,472
Investment securities at fair value through other comprehensive income	-	2,355,201	4,084,821	16,965,496	32,386,496	467,695	5,759,564	62,019,273
Investment securities at amortized cost	-	458,655	1,030,666	1,518,481	55,471	-	-	3,063,273
Properties for sale	-	65,835	131,669	245,329	-	-	-	442,833
Investments in associates and joint venture	-	-	-	-	-	-	352,075	352,075
Properties and equipment	-	8,218	15,779	54,567	59,885	47,395	2,082,268	2,268,112
Investment properties	-	-	-	-	-	-	971,544	971,544
Current income tax assets	-	-	-	109,561	-	-	-	109,561
Deferred income tax assets	-	-	-	-	-	-	962,047	962,047
Assets held for sale	-	-	-	129,664	-	-	-	129,664
Other assets	445,676	1,061,701	2,210,963	349,198	494,990	82,105	84,078	4,728,711
Total assets	9,829,303	49,563,158	41,538,045	44,127,819	55,262,639	14,292,492	14,386,723	229,000,179
Liabilities								
Deposits and balances from banks	1,154,203	3,801,123	730,960	613,740	-	-	-	6,300,026
Deposits from customers	56,447,531	44,010,526	55,826,127	19,118,328	123,430	-	-	175,525,942
Derivative financial instruments	-	213,377	251,425	293,052	22,628	-	-	780,482
Subordinated debts	-	-	-	-	-	2,723,919	-	2,723,919
Other liabilities	470,617	1,567,917	435,913	440,288	75,289	67,774	-	3,057,798
Current income tax liabilities	-	-	10,823	227,744	-	-	-	238,567
Deferred income tax liabilities	-	-	-	-	-	-	10,832	10,832
Total liabilities	58,072,351	49,592,943	57,255,248	20,693,152	221,347	2,791,693	10,832	188,637,566
Net liquidity gap	(48,243,048)	(29,785)	(15,717,203)	23,434,667	55,041,292	11,500,799	14,375,891	40,362,613
Of which lease liabilities included in:								
Other liabilities	-	7,018	13,714	48,433	51,035	67,774	-	187,974

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

28 Maturity analysis (Continued)

As at 31 December 2024 (audited)	Repayable on demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Total
Assets								
Cash and balances with banks	5,062,582	53,499,966	–	–	–	–	–	58,562,548
Placements with banks	–	–	20,391,042	5,715,048	–	–	–	26,106,090
Loans and advances to customers	6,362,615	6,486,504	4,585,843	17,843,893	21,231,161	14,472,365	4,444,374	75,426,755
Financial assets at fair value through profit or loss	–	–	–	151,574	–	–	50,471	202,045
Derivative financial instruments	–	203,477	156,160	108,504	37,000	–	–	505,141
Investment securities at fair value through other comprehensive income	–	2,147,451	5,728,445	18,006,212	21,813,633	704,594	4,913,461	53,313,796
Investment securities at amortized cost	–	305,741	1,061,721	2,734,883	807,535	–	–	4,909,880
Properties for sale	–	176,529	353,057	319,578	63,915	–	–	913,079
Investments in associates and joint venture	–	–	–	–	–	–	322,867	322,867
Properties and equipment	–	8,171	15,863	56,284	70,836	50,664	2,091,084	2,292,902
Investment properties	–	–	–	–	–	–	975,991	975,991
Current income tax assets	–	92	43,736	–	–	–	–	43,828
Deferred income tax assets	–	–	–	–	–	–	749,694	749,694
Assets held for sale	–	–	–	129,664	–	–	–	129,664
Other assets	501,732	1,066,945	377,817	429,482	412,865	90,189	97,695	2,976,725
Total assets	<u>11,926,929</u>	<u>63,894,876</u>	<u>32,713,684</u>	<u>45,495,122</u>	<u>44,436,945</u>	<u>15,317,812</u>	<u>13,645,637</u>	<u>227,431,005</u>
Liabilities								
Deposits and balances from banks	474,470	3,048,737	806,583	361,110	–	–	–	4,690,900
Deposits from customers	50,867,406	42,360,751	65,326,733	18,739,084	131,428	–	–	177,425,402
Derivative financial instruments	–	230,658	145,695	83,583	36,650	–	–	496,586
Subordinated debts	–	–	–	–	–	2,692,532	–	2,692,532
Other liabilities	1,262,077	1,318,791	621,476	383,422	83,028	70,810	–	3,739,604
Current income tax liabilities	–	94,242	40,432	–	–	–	–	134,674
Deferred income tax liabilities	–	–	–	–	–	–	10,247	10,247
Total liabilities	<u>52,603,953</u>	<u>47,053,179</u>	<u>66,940,919</u>	<u>19,567,199</u>	<u>251,106</u>	<u>2,763,342</u>	<u>10,247</u>	<u>189,189,945</u>
Net liquidity gap	<u>(40,677,024)</u>	<u>16,841,697</u>	<u>(34,227,235)</u>	<u>25,927,923</u>	<u>44,185,839</u>	<u>12,554,470</u>	<u>13,635,390</u>	<u>38,241,060</u>
Of which lease liabilities included in:								
Other liabilities	<u>–</u>	<u>7,403</u>	<u>14,432</u>	<u>51,396</u>	<u>62,162</u>	<u>70,811</u>	<u>–</u>	<u>206,204</u>

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

29 Related party transactions

A number of banking transactions were entered into with related parties by the Group in the normal course of business and at arm's length basis. The outstanding balances of the related party transactions at the reporting date, and related expense and income for the period were as follows:

As at 30 June 2025 (unaudited)	Ultimate holding company and fellow subsidiaries	Associates and joint venture	Key management personnel (Note a)	Other related parties (Note b)	Total
Aggregate amounts outstanding at the period end					
– Loans and advances	–	–	26,367	–	26,367
– Cash and balances with banks	56,730	–	–	67,039	123,769
– Deposits and balances from banks and customers	737,720	365,300	416,466	24,466	1,543,952
– Investment securities at fair value through other comprehensive income	142,422	–	–	–	142,422
– Stage 1 and Stage 2 credit impairment allowances	7	1	31	1	40
– Contingent liabilities and other commitments	428	200	44,163	–	44,791
Six months ended 30 June 2025 (unaudited)					
Interest income received from related parties	992	–	839	1,422	3,253
Interest expenses paid to related parties	5,020	2,729	3,402	7,185	18,336
Net fee and commission (expense)/income (to)/from related parties	(11,264)	50,774	–	(18)	39,492
Net other operating income/(expense) from/(to) related parties	14	(3,673)	2,769	–	(890)

As at 31 December 2024 (audited)	Ultimate holding company and fellow subsidiaries	Associates and joint venture	Key management personnel (Note a)	Other related parties (Note b)	Total
Aggregate amounts outstanding at the year end					
– Loans and advances	–	–	28,036	–	28,036
– Cash and balances with banks	23,455	–	–	89,767	113,222
– Deposits and balances from banks and customers	227,434	387,846	433,970	760,579	1,809,829
– Investment securities at fair value through other comprehensive income	106,654	–	–	–	106,654
– Stage 1 and Stage 2 credit impairment allowances	1	–	39	2	42
– Contingent liabilities and other commitments	268	2,000	43,178	–	45,446
Six months ended 30 June 2024 (unaudited)					
Interest income received from related parties	375	–	1,100	3,885	5,360
Interest expenses paid to related parties	6,681	12,254	7,931	23,781	50,647
Net fee and commission income/(expense) from/(to) related parties	(10,720)	37,455	2	(821)	25,916
Net other operating income/(expense) from/(to) related parties	15	(3,649)	(125)	–	(3,759)

Note a: Include key management personnel and Directors of the Bank and the ultimate holding company, their close family members and entities that are controlled or jointly controlled, directly or indirectly, by key management personnel or Directors.

Note b: Include other shareholders of the Group.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

29 Related party transactions (Continued)

Key management personnel compensation

The compensation for Directors and key management personnel of the Bank is as follows:

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Salaries and other short-term employee benefits	56,193	39,725

30 Segment reporting

(a) By operating segment

Operating segments, and the amounts of each segment item reported in the Group Interim Financial Disclosure Statement, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

For the purpose of assessing performance of business activity by class, the allocation of revenue, besides the direct revenue generated by the business, also includes the benefits of funding resources derived from the other businesses by way of internal fund transfer pricing mechanisms. Cost allocation is based on the direct cost incurred by the class of business and internal allocation of management overheads. Asset allocation is based on the assets directly attributable to the class of business and internal allocation of assets. The Group is currently implementing a new platform for funds transfer pricing, and exploring systems to streamline expense allocations. Once these systems are implemented, there will be more granular attribution of funding costs and expense allocations for segment-level reporting.

The Group is engaged predominantly in banking and related financial activities. It comprises retail and corporate banking, trade finance, treasury and other classes of business.

Retail and corporate banking – incorporating banking services to individual and corporate customers such as current accounts, savings accounts, fixed deposits, safe deposit box, credit cards, loans and other credit facilities.

Trade finance – incorporating import and export bills services, invoice discounting/receivable financing and ECIC supported export finance for small and medium enterprises.

Treasury – conducting treasury operations for trading and investment purposes such as foreign exchange, money market and capital market activities and providing treasury products such as yield enhancement and hedging products to retail and corporate customers.

The business activities under “Others” mainly comprise remittance, share dealing, provisions of trustee, wealth management and insurance services, and support services for operations not directly identified under other reportable segments.

As the Group derives a majority of revenue from interest and the senior management relies primarily on net interest income in managing the business, interest income and expense for all reportable segments are presented on a net basis.

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

30 Segment reporting (Continued)

(a) By operating segment (Continued)

Six months ended 30 June 2025 (unaudited)					
	Retail and corporate banking	Trade finance	Treasury	Others	Total
Net interest income	1,607,724	31,180	447,480	71,708	2,158,092
Non-interest income	116,985	24,594	242,697	685,933	1,070,209
Operating income	1,724,709	55,774	690,177	757,641	3,228,301
Operating expenses	(574,049)	(44,578)	(88,029)	(393,940)	(1,100,596)
Operating profit before credit impairment losses	1,150,660	11,196	602,148	363,701	2,127,705
Credit impairment losses	(1,455,981)	1,387	(657)	633	(1,454,618)
Operating profit/(loss) after credit impairment losses	(305,321)	12,583	601,491	364,334	673,087
Share of net profits of associates and joint venture	–	–	–	40,505	40,505
Profit/(loss) before income tax (after taking into account internal fund transfers and cost allocation)	(305,321)	12,583	601,491	404,839	713,592
Income tax expense	(69,541)	2,066	98,802	(22,636)	8,691
Depreciation expenses and amortization	50,435	5,096	4,669	54,408	114,608
As at 30 June 2025 (unaudited):					
Total assets	70,505,572	3,262,961	146,002,599	9,229,047	229,000,179
Total liabilities	176,721,742	61,862	10,410,560	1,443,402	188,637,566

Six months ended 30 June 2024 (unaudited)					
	Retail and corporate banking	Trade finance	Treasury	Others	Total
Net interest income	1,808,434	13,245	205,834	61,054	2,088,567
Non-interest income	131,191	32,735	199,246	388,295	751,467
Operating income	1,939,625	45,980	405,080	449,349	2,840,034
Operating expenses	(561,496)	(43,071)	(77,355)	(335,868)	(1,017,790)
Operating profit before credit impairment losses	1,378,129	2,909	327,725	113,481	1,822,244
Credit impairment losses	(1,601,328)	(2,942)	2,690	(341)	(1,601,921)
Operating profit/(loss) after credit impairment losses	(223,199)	(33)	330,415	113,140	220,323
Share of net profits of associates and joint venture	–	–	–	16,059	16,059
Profit/(loss) before income tax (after taking into account internal fund transfers and cost allocation)	(223,199)	(33)	330,415	129,199	236,382
Income tax expense	75,243	(25)	54,609	(14,895)	114,932
Depreciation expenses and amortization	49,274	3,520	4,249	55,450	112,493
As at 31 December 2024 (audited):					
Total assets	77,127,270	3,309,069	139,398,564	7,596,102	227,431,005
Total liabilities	178,900,485	67,654	8,591,562	1,630,244	189,189,945

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

30 Segment reporting (Continued)

(b) By geographical regions

The following tables provide segment information by geographical area determined with reference to the location of the principal operations of the branches and subsidiaries of the Group.

	As at 30 June 2025 (unaudited)			Six months ended 30 June 2025 (unaudited)		
	Total assets	Total liabilities	Contingent liabilities and commitments	Total operating income	Profit/(loss) before income tax	Capital expenditure
Hong Kong and mainland China	203,072,400	180,883,483	35,092,727	2,802,203	695,414	68,633
United States	21,465,479	5,852,717	627,497	375,341	(13,889)	155
United Kingdom	4,462,300	1,901,366	39,249	50,757	32,067	866
Total	229,000,179	188,637,566	35,759,473	3,228,301	713,592	69,654

	As at 31 December 2024 (audited)			Six months ended 30 June 2024 (unaudited)		
	Total assets	Total liabilities	Contingent liabilities and commitments	Total operating income	Profit/(loss) before income tax	Capital expenditure
Hong Kong and mainland China	198,286,269	180,984,879	35,399,405	2,215,931	(289,090)	71,599
United States	24,603,299	6,301,045	890,465	568,882	489,250	75
United Kingdom	4,541,437	1,904,021	123,103	55,221	36,222	743
Total	227,431,005	189,189,945	36,412,973	2,840,034	236,382	72,417

NOTES TO THE GROUP INTERIM FINANCIAL DISCLOSURE STATEMENT

31 International claims

The following table shows the Group's international claims by major country or geographical segment, each representing 10% or more of the Group's total international claims. International claims refer to exposures to counterparties on which the ultimate risk lies, and are derived according to the location of the counterparties after taking into account any recognized risk transfer. In general, transfer of risk from one country to another is recognized if the claims against a counterparty are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country.

As at 30 June 2025 (unaudited)	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
Developed economies	36,695,000	1,402,000	–	4,842,000	42,939,000
Offshore centres	11,822,000	39,000	528,000	14,978,000	27,367,000
– of which Hong Kong	1,199,000	38,000	440,000	6,893,000	8,570,000
Developing Asia and Pacific	61,812,000	58,000	2,000	2,786,000	64,658,000
– of which mainland China	32,172,000	58,000	2,000	2,340,000	34,572,000
– of which Taiwan	22,958,000	–	–	287,000	23,245,000

As at 31 December 2024 (audited)	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
Developed economies	27,771,000	2,115,000	–	4,221,000	34,107,000
Offshore centres	13,194,000	690,000	1,053,000	16,586,000	31,523,000
– of which Hong Kong	4,654,000	689,000	726,000	9,569,000	15,638,000
Developing Asia and Pacific	61,889,000	34,000	650,000	2,056,000	64,629,000
– of which mainland China	27,999,000	34,000	650,000	1,360,000	30,043,000
– of which Taiwan	28,419,000	–	–	588,000	29,007,000

32 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

REGULATORY DISCLOSURES (UNAUDITED)

The following disclosures are prepared under regulatory scope of consolidation to comply with the Banking (Disclosure) Rules and are not audited.

1 Key prudential ratios

		30 June 2025	31 March 2025	31 December 2024	30 September 2024	30 June 2024
Regulatory capital (amount)						
1 & 1a	Common Equity Tier 1 (CET1)	35,914,608	35,785,873	34,677,399	35,164,236	34,287,866
2 & 2a	Tier 1	35,914,608	35,785,873	34,677,399	35,164,236	34,287,866
3 & 3a	Total capital	40,143,946	39,721,502	38,593,247	39,172,718	38,358,671
Risk Weighted Amounts (RWA)						
4	Total RWA	139,971,549	143,290,035	138,045,799	141,577,614	138,800,632
4a	Total RWA (pre-floor)	139,971,549	143,290,035	N/A	N/A	N/A
Risk-based regulatory capital ratios (as a percentage of RWA)						
5 & 5a	CET1 ratio (%)	25.7%	25.0%	25.1%	24.8%	24.7%
5b	CET1 ratio (%) (pre-floor ratio)	25.7%	25.0%	N/A	N/A	N/A
6 & 6a	Tier 1 ratio (%)	25.7%	25.0%	25.1%	24.8%	24.7%
6b	Tier 1 ratio (%) (pre-floor ratio)	25.7%	25.0%	N/A	N/A	N/A
7 & 7a	Total capital ratio (%)	28.7%	27.7%	28.0%	27.7%	27.6%
7b	Total capital ratio (%) (pre-floor ratio)	28.7%	27.7%	N/A	N/A	N/A
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 (%)	0.33%	0.32%	0.34%	0.67%	0.65%
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 (%)	2.8%	2.8%	2.8%	3.2%	3.2%
12	CET1 available after meeting the AI's minimum capital requirements (%)	19.7%	19.0%	19.1%	18.8%	18.7%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	232,639,558	235,198,481	231,925,255	239,453,474	233,905,700
13a	LR exposure measure based on mean values of gross assets of SFTs	232,661,536	235,277,888	N/A	N/A	N/A
14, 14a & 14b	LR (%)	15.4%	15.2%	15.0%	14.7%	14.7%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	15.4%	15.2%	N/A	N/A	N/A
Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)						
	Applicable to category 1 institutions 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 institutions only:					
17a	LMR (%)	76.5%	76.5%	76.8%	90.1%	80.4%
Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)						
	Applicable to category 1 institutions 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 institutions only:					
20a	CFR (%)	295.6%	303.7%	295.9%	301.5%	272.8%

REGULATORY DISCLOSURES (UNAUDITED)

2 Capital structure and adequacy

The calculation of the capital adequacy ratio as at 30 June 2025 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 standardized (credit risk) approach, standardized (market risk) approach, revised standardized approach and reduced basic CVA approach under BCR for credit risk, market risk, operational risk and CVA risk respectively. 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 2025.

Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements as at 30 June 2025	Under regulatory scope of consolidation as at 30 June 2025	Cross-referenced to Composition of Regulatory Capital
Assets			
Cash and balances with banks	44,657,717	44,655,813	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(999)	(1)
Placements with banks	39,533,794	39,533,794	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(896)	(2)
Loans and advances to customers	68,855,340	68,855,340	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(519,570)	(3)
Financial assets at fair value through profit or loss	96,763	57,302	
<i>of which: insignificant capital investments in financial sector entities exceeding 10% threshold</i>	–	5,108	(4)
Derivative financial instruments	809,472	809,472	
Investment securities at fair value through other comprehensive income	62,019,273	61,897,442	
<i>of which: insignificant capital investments in financial sector entities exceeding 10% threshold</i>	–	1,847,670	(5)
Investment securities at amortized cost	3,063,273	3,063,273	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(80)	(6)
Properties for sale	442,833	442,833	
Investments in associates and joint venture	352,075	43,000	
Investments in and amounts due from subsidiaries	–	317,791	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(20,416)	(7)

REGULATORY DISCLOSURES (UNAUDITED)

2 Capital structure and adequacy (Continued)

Reconciliation of regulatory capital to balance sheet (Continued)

	Balance sheet as in published financial statements as at 30 June 2025	Under regulatory scope of consolidation as at 30 June 2025	Cross-referenced to Composition of Regulatory Capital
Properties and equipment	2,268,112	2,244,239	
Investment properties	971,544	999,191	
Current income tax assets	109,561	109,549	
Deferred income tax assets	962,047	965,086	(8)
Assets held for sale	129,664	145,000	
Other assets	4,728,711	4,672,618	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(3,256)	(9)
Total assets	229,000,179	228,811,743	
Liabilities			
Deposits and balances from banks	6,300,026	6,300,026	
Deposits from customers	175,525,942	175,525,942	
Derivative financial instruments	780,482	780,482	
Amounts due to subsidiaries	–	602,095	
Subordinated debts	2,723,919	2,723,919	(10)
Other liabilities	3,057,798	2,868,177	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	26,217	(11)
Current income tax liabilities	238,567	236,544	
Deferred income tax liabilities	10,832	10,779	
Total liabilities	188,637,566	189,047,964	
Equity			
Share capital	2,000,000	2,000,000	(12)
Retained earnings	26,265,942	25,811,605	(13)
Reserves	11,973,724	11,952,174	
<i>of which: accumulated other comprehensive income/(loss), other than regulatory reserve</i>	–	11,018,189	(14)
<i>regulatory reserve</i>	–	933,985	(15)
Non-controlling interests in equity	122,947	–	
Total equity	40,362,613	39,763,779	
Total equity and liabilities	229,000,179	228,811,743	

REGULATORY DISCLOSURES (UNAUDITED)

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 2025 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	25,811,605	(13)
3	Disclosed reserves	11,952,174	(14) + (15)
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	39,763,779	
CET1 capital: regulatory deductions			
7	Valuation adjustments	2,100	
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	95,222	
10	Deferred tax assets (net of associated deferred tax liabilities)	965,086	(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)	1,852,778	(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	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	933,985	
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	933,985	(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	–	

REGULATORY DISCLOSURES (UNAUDITED)

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	3,849,171	
29	CET1 capital	35,914,608	
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	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	
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 (T1 = CET1 + AT1)	35,914,608	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	2,723,919	(10)
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)	–	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,505,419	(11) + (15) – (1) – (2) – (3) – (6) – (7) – (9)
51	Tier 2 capital before regulatory deductions	4,229,338	

REGULATORY DISCLOSURES (UNAUDITED)

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 BCR §48(1)(g)	–	
57	Total regulatory adjustments to Tier 2 capital	–	
58	Tier 2 capital (T2)	4,229,338	
59	Total regulatory capital (TC = T1 + T2)	40,143,946	
60	Total RWA	139,971,549	
Capital ratios (as a percentage of risk weighted assets)			
61	CET1 capital ratio	25.7%	
62	Tier 1 capital ratio	25.7%	
63	Total capital ratio	28.7%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.8%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: bank specific countercyclical capital buffer requirement	0.33%	
67	of which: higher loss absorbency requirement	–	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	19.7%	
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	

REGULATORY DISCLOSURES (UNAUDITED)

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	3,776,739	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	706,022	
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)	1,505,419	
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	1,544,934	
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	–	

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)	965,086	–
10	<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 MSRs, 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.		
Remarks: The amount of the 10% threshold and 5% 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.			

REGULATORY DISCLOSURES (UNAUDITED)

2 Capital structure and adequacy (Continued)

Main features of regulatory capital instruments

The main features of regulatory capital instruments as at 30 June 2025 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/20250630.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	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 recognized in regulatory capital (currency in millions, as of most recent reporting date)	HK\$2,000 million	HK\$2,724 million
9	Par value of instrument	N/A	US\$350 million
10	Accounting classification	Shareholders' equity	Liability-amortized 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

REGULATORY DISCLOSURES (UNAUDITED)

2 Capital structure and adequacy (Continued)

Main features of regulatory capital instruments (Continued)

		Ordinary shares	Subordinated notes due 2033
23	Convertible or non-convertible	Non-convertible	Non-convertible
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: (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 (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	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A

Footnote:

* Include solo-consolidated

REGULATORY DISCLOSURES (UNAUDITED)

3 Overview of RWA

The table below shows the breakdowns of RWA for various risks as at 30 June 2025 and 31 March 2025 and the minimum capital requirements as at 30 June 2025 which are calculated by multiplying the Group's RWA by 8%.

		RWA		Minimum capital requirements
		30 June 2025	31 March 2025	30 June 2025
1	Credit risk for non-securitization exposures	111,843,714	115,705,003	8,947,497
2	Of which STC approach	111,843,714	115,705,003	8,947,497
2a	Of which BSC approach	–	–	–
3	Of which foundation IRB approach	–	–	–
4	Of which supervisory slotting criteria approach	–	–	–
5	Of which advanced IRB approach	–	–	–
5a	Of which retail IRB approach	–	–	–
5b	Of which specific risk-weight approach	–	–	–
6	Counterparty credit risk and default fund contributions	526,036	569,245	42,083
7	Of which SA-CCR approach	526,036	569,245	42,083
7a	Of which CEM	–	–	–
8	Of which IMM(CCR) approach	–	–	–
9	Of which others	–	–	–
10	Credit valuation adjustment (“CVA”) risk	319,313	362,713	25,545
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A	N/A
12	Collective investment scheme (“CIS”) exposures – look-through approach/third-party approach	–	–	–
13	CIS exposures – mandate-based approach	–	–	–
14	CIS exposures – fall-back approach	–	–	–
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	7,444,413	7,290,913	595,553
21	Of which STM approach	7,444,413	7,290,913	595,553
22	Of which IMA	–	–	–
22a	Of which SSTM approach	–	–	–
23	Capital charge for moving exposures between trading book and banking book	–	–	–
24	Operational risk	8,613,075	8,412,800	689,046
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	11,224,998	10,949,361	898,000
26	Output floor level applied	N/A	N/A	N/A
27	Floor adjustment (before application of transitional cap)	N/A	N/A	N/A
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	Deduction to RWA	–	–	–
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	–	–	–
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	–	–	–
29	Total	139,971,549	143,290,035	11,197,724

REGULATORY DISCLOSURES (UNAUDITED)

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 2025.

Geographical breakdown by Jurisdiction (J)		Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		%	HK\$'000	%	HK\$'000
1	Hong Kong SAR	0.50%	52,155,129		
2	Australia	1.00%	604,868		
3	Belgium	1.00%	4,431		
4	Chile	0.50%	100		
5	France	1.00%	95		
6	Germany	0.75%	97		
7	Ireland	1.50%	13		
8	Netherlands	2.00%	10,972		
9	Norway	2.50%	2		
10	South Korea	1.00%	31,095		
11	Sweden	2.00%	2		
12	United Kingdom	2.00%	367,010		
	Sum		53,173,814		
	Total		84,594,292	0.33%	454,908

REGULATORY DISCLOSURES (UNAUDITED)

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 2025.

Item	Value under the LR framework
1 Total consolidated assets as per published financial statements (before adjustments for specific and collective provisions)	230,763,327
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(188,436)
3 Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference	–
4 Adjustments for temporary exemption of central bank reserves	Not applicable
5 Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
6 Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	–
7 Adjustments for eligible cash pooling transactions	–
8 Adjustments for derivative contracts	337,125
9 Adjustment for SFTs (i.e. repos and similar secured lending)	–
10 Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	7,339,861
11 Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(1,763,148)
12 Other adjustments	(3,849,171)
13 Leverage ratio exposure measure	232,639,558

The leverage ratios as at 30 June 2025 and 31 March 2025 are shown below:

	30 June 2025	31 March 2025
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	229,765,419	231,345,998
2 Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	–	–
3 Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	–	–
4 Less: Adjustment for securities received under SFTs that are recognized as an asset	–	–
5 Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(1,736,931)	(1,290,645)
6 Less: Asset amounts deducted in determining Tier 1 capital	(3,849,171)	(3,199,413)
7 Total on-balance sheet exposures (excluding derivative contracts and SFTs)	224,179,317	226,855,940

REGULATORY DISCLOSURES (UNAUDITED)

5 Leverage ratio (Continued)

		30 June 2025	31 March 2025
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	135,830	91,115
9	Add-on amounts for PFE associated with all derivative contracts	1,010,767	933,587
10	Less: Exempted CCP leg of client-cleared trade exposures	–	–
11	Adjusted effective notional amount of written credit-related derivative contracts	–	–
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	–	–
13	Total exposures arising from derivative contracts	1,146,597	1,024,702
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	–	–
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
16	CCR exposure for SFT assets	–	–
17	Agent transaction exposures	–	–
18	Total exposures arising from SFTs	–	–
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	35,759,473	36,210,343
20	Less: Adjustments for conversion to credit equivalent amounts	(28,419,612)	(28,839,177)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(26,217)	(53,327)
22	Off-balance sheet items	7,313,644	7,317,839
Capital and total exposures			
23	Tier 1 capital	35,914,608	35,785,873
24	Total exposures	232,639,558	235,198,481
Leverage ratio			
25 & 25a	Leverage ratio	15.4%	15.2%
26	Minimum leverage ratio requirement	3.0%	3.0%
27	Applicable leverage buffers	Not applicable	Not applicable

REGULATORY DISCLOSURES (UNAUDITED)

5 Leverage ratio (Continued)

		30 June 2025	31 March 2025
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	21,978	79,407
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	232,661,536	235,277,888
31 & 31a	Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	15.4%	15.2%

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 2025

	Gross carrying amounts of	Defaulted exposures	Non-defaulted exposures	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
					Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	4,552,062	65,962,848	1,659,570	1,140,000	519,570	–	68,855,340
2	Debt securities	–	59,204,104	80	–	80	–	59,204,024
3	Off-balance sheet exposures	17,491	8,966,798	8,005	–	8,005	–	8,976,284
4	Total	4,569,553	134,133,750	1,667,655	1,140,000	527,655	–	137,035,648

Defaulted exposures correspond to the secured and unsecured portions of defaulted exposures as defined in BCR §51(1) or claims past due for more than 90 days.

(b) Changes in defaulted loans and debt securities

	Amount
1	Defaulted loans and debt securities as at end of the previous reporting period
2	Loans and debt securities that have defaulted since the last reporting period
3	Returned to non-defaulted status
4	Amounts written off
5	Other changes*
6	Defaulted loans and debt securities as at end of the current reporting period

* Other changes include loan repayment, disposal of impaired loans and exchange rate difference.

REGULATORY DISCLOSURES (UNAUDITED)

6 Credit risk (Continued)

(c) Overview of recognized credit risk mitigation as at 30 June 2025

		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	65,839,083	3,016,257	1,147,431	533,249	–
2	Debt securities	59,204,024	–	–	–	–
3	Total	125,043,107	3,016,257	1,147,431	533,249	–
4	Of which defaulted	3,396,258	15,799	1,000	13,037	–

(d) Credit risk exposures and effects of recognized credit risk mitigation – for STC approach as at 30 June 2025

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	9,506,366	–	9,511,038	–	56,664	1%
2	Public sector entity exposures	5,126,469	–	5,616,889	–	1,123,378	20%
3	Multilateral development bank exposures	2,756,778	–	2,756,778	–	–	0%
3a	Unspecified multilateral body exposures	–	–	–	–	–	–
4	Bank exposures	113,459,776	3,143,171	113,484,895	1,708,442	28,908,326	25%
4a	Qualifying non-bank financial institution exposures	41,345	616,102	41,345	61,610	77,216	75%
5	Eligible covered bond exposures	–	–	–	–	–	–
6	General corporate exposures	27,478,220	19,422,214	26,844,200	3,641,810	23,608,448	77%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	–	–	–	–	–	–
6b	Specialized lending	–	–	–	–	–	–
7	Equity exposures	–	–	–	–	–	–
7a	Significant capital investments in commercial entities	–	–	–	–	–	–
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	–	–	–	–	–	–
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	–	–	–	–	–	–
8	Retail exposures	2,507,856	7,125,354	2,096,439	788,573	2,463,122	85%
8a	Exposures arising from IPO financing	–	–	–	–	–	–

REGULATORY DISCLOSURES (UNAUDITED)

6 Credit risk (Continued)

(d) Credit risk exposures and effects of recognized credit risk mitigation – for STC approach as at 30 June 2025 (Continued)

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
9	Real estate exposures	49,173,528	5,365,314	48,551,446	1,125,389	44,223,914	89%
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	5,899,351	1,630,241	5,404,260	652,095	1,854,496	31%
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	727,943	–	727,943	–	274,110	38%
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	1,458,277	30,931	1,458,277	11,697	1,006,142	68%
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	16,183,098	98,279	16,128,872	17,086	13,669,400	85%
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	16,560,949	3,364,668	16,495,487	350,172	15,322,461	91%
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	1,114,506	–	1,111,900	–	1,667,850	150%
9g	Of which: land acquisition, development and construction exposures	7,229,404	241,195	7,224,707	94,339	10,429,455	142%
10	Defaulted exposures	3,557,835	87,318	3,557,835	14,035	5,045,883	141%
11	Other exposures	6,196,085	–	6,196,085	–	6,196,085	100%
11a	Cash and gold	603,999	–	1,751,307	–	140,675	8%
11b	Items in the process of clearing or settlement	701,954	–	701,954	–	3	0%
12	Total	221,110,211	35,759,473	221,110,211	7,339,859	111,843,714	49%

REGULATORY DISCLOSURES (UNAUDITED)

6 Credit risk (Continued)

(e) (i) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2025

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign exposures	9,227,720	283,318	–	–	–	–	9,511,038

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
2	Public sector entity exposures	–	5,616,889	–	–	–	–	5,616,889

		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3	Multilateral development bank exposures	2,756,778	–	–	–	–	–	–	2,756,778

		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3a	Unspecified multilateral body exposures	–	–	–	–	–	–	–

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4	Bank exposures	67,611,344	42,027,650	–	5,553,163	–	1,180	–	–	115,193,337

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4a	Qualifying non-bank financial institution exposures	–	–	–	–	102,955	–	–	–	102,955

		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Eligible covered bond exposures	–	–	–	–	–	–	–	–	–

REGULATORY DISCLOSURES (UNAUDITED)

6 Credit risk (Continued)

(e) (i) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2025 (Continued)

		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	1,407,682	–	9,766,238	–	1,671,545	3,002,741	14,637,804	–	–	30,486,010
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	–	–	–	–	–	–	–	–	–	–

		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6b	Specialized lending	–	–	–	–	–	–	–	–	–

		100%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures	–	–	–	–	–

		250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
7a	Significant capital investments in commercial entities	–	–	–	–	–

		150%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	–	–	–	–	–

		150%	Other	Total credit exposure amount (post-CCF and post-CRM)
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	–	–	–

REGULATORY DISCLOSURES (UNAUDITED)

6 Credit risk (Continued)

(e) (i) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2025 (Continued)

		45%	75%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
8	Retail exposures	477,873	636,242	1,770,897	–	2,885,012

		0%	Other	Total credit exposure amount (post-CCF and post-CRM)
8a	Exposures arising from IPO financing	–	–	–

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%
9	Real estate exposures	–	2,785,667	832,698	1,721,177	145,162	118,910	182,010	132,306	1,077,865	
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		2,785,667	832,698	1,388,179		118,910	–	132,306	–	
9b	Of which: no loan splitting applied		2,785,667	832,698	1,388,179		118,910	–	132,306	–	
9c	Of which: loan splitting applied (secured)										
9d	Of which: loan splitting applied (unsecured)										
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)				332,998	145,162		182,010		28,192	
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–		–		–		–	1,049,673	
9g	Of which: no loan splitting applied	–	–		–		–		–	1,049,673	
9h	Of which: loan splitting applied (secured)										
9i	Of which: loan splitting applied (unsecured)										
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)										
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–		–		–		–		
9l	Of which: no loan splitting applied	–	–		–		–		–		
9m	Of which: loan splitting applied (secured)										
9n	Of which: loan splitting applied (unsecured)										
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)										
9p	Of which: land acquisition, development and construction exposures										

REGULATORY DISCLOSURES (UNAUDITED)

6 Credit risk (Continued)

(e) (i) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2025 (Continued)

		70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9	Real estate exposures	8,414,785	2,212,523	6,765,787	5,223,393	9,389,430	5,514	3,306,375	7,332,718	30,515	49,676,835
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	798,595	–	–	–	–	–	–	–	–	6,056,355
9b	Of which: no loan splitting applied	798,595	–	–	–	–	–	–	–	–	6,056,355
9c	Of which: loan splitting applied (secured)	–	–	–	–	–	–	–	–	–	–
9d	Of which: loan splitting applied (unsecured)	–	–	–	–	–	–	–	–	–	–
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	3,552	–	–	–	5,514	–	–	30,515	727,943
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–	293,202	–	127,099	–	–	–	–	1,469,974
9g	Of which: no loan splitting applied	–	–	293,202	–	127,099	–	–	–	–	1,469,974
9h	Of which: loan splitting applied (secured)	–	–	–	–	–	–	–	–	–	–
9i	Of which: loan splitting applied (unsecured)	–	–	–	–	–	–	–	–	–	–
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	7,616,190	–	–	5,223,393	–	–	3,306,375	–	–	16,145,958
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	2,208,971	6,472,585	–	8,164,103	–	–	–	–	16,845,659
9l	Of which: no loan splitting applied	–	2,208,971	6,472,585	–	8,164,103	–	–	–	–	16,845,659
9m	Of which: loan splitting applied (secured)	–	–	–	–	–	–	–	–	–	–
9n	Of which: loan splitting applied (unsecured)	–	–	–	–	–	–	–	–	–	–
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	–	1,111,900	–	–	1,111,900
9p	Of which: land acquisition, development and construction exposures	–	–	–	–	1,098,228	–	–	6,220,818	–	7,319,046

REGULATORY DISCLOSURES (UNAUDITED)

6 Credit risk (Continued)

(e) (i) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2025 (Continued)

		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures		586,527	2,970,990	14,353	3,571,870

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	6,196,085	–	–	6,196,085

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	1,291,794	60,966	398,547	1,751,307

		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)
11b	Items in the process of clearing or settlement	701,938	16	–	701,954

(ii) Exposure amounts and CCFs applied to off-balance sheet exposures, categorized based on risk bucket of converted exposures (STC version)

	Risk weight	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1	Less than 40%	135,182,356	3,010,251	55%	136,837,629
2	40–70%	24,545,009	5,724,058	21%	25,738,769
3	75%	4,195,532	3,647,330	12%	4,623,265
4	85%	8,499,964	6,919,234	18%	9,768,528
5	90–100%	35,183,466	16,121,740	17%	37,866,282
6	105–130%	3,308,550	8,347	40%	3,311,889
7	150%	10,195,334	328,513	33%	10,303,708
8	250%	–	–	–	–
9	400%	–	–	–	–
10	1,250%	–	–	–	–
11	Total exposures	221,110,211	35,759,473	21%	228,450,070

* Weighting is based on off-balance sheet exposure (pre-CCF)

REGULATORY DISCLOSURES (UNAUDITED)

7 Counterparty credit risk

(a) Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches as at 30 June 2025

		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)	144,521	687,105		1.4	1,164,276	526,036
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						526,036

(b) Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach as at 30 June 2025

Risk Weight													Total default risk exposure after CRM
Exposure class		0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	
1	Sovereign exposures	–	–	–	–	–	–	–	–	–	–	–	–
2	Public sector entity exposures	–	–	–	–	–	–	–	–	–	–	–	–
3	Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–	–
4	Unspecified multilateral body exposures	–	–	–	–	–	–	–	–	–	–	–	–
5	Bank exposures	–	–	697,973	71,732	–	–	–	–	–	–	–	769,705
6	Qualifying non-bank financial institution exposures	–	–	–	–	–	–	–	–	–	–	–	–
7	General corporate exposures	–	–	–	–	–	59,300	–	–	269,713	–	–	329,013
8	Retail exposures	–	–	–	–	–	–	–	–	65,558	–	–	65,558
9	Defaulted exposures	–	–	–	–	–	–	–	–	–	–	–	–
10	Other exposures	–	–	–	–	–	–	–	–	–	–	–	–
11	Total	–	–	697,973	71,732	–	59,300	–	–	335,271	–	–	1,164,276

REGULATORY DISCLOSURES (UNAUDITED)

7 Counterparty credit risk (Continued)

(c) Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs) as at 30 June 2025

		Derivative contracts				SFTs	
		Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash – domestic currency	–	–	–	15,635	–	–
2	Cash – other currencies	–	139,569	–	121,690	–	–
3	Total	–	139,569	–	137,325	–	–

(d) Credit-related derivatives contracts

The Group did not have any credit-related derivatives contracts as at 30 June 2025.

(e) Exposures to CCPs

The Group did not have any exposures to CCPs as at 30 June 2025.

8 CVA risk

CVA risk under reduced basic CVA approach as at 30 June 2025

		Components	CVA risk capital charge under the reduced basic CVA approach
1	Aggregation of systematic components of CVA risk	73,218	
2	Aggregation of idiosyncratic components of CVA risk	16,501	
3	Total		25,545

REGULATORY DISCLOSURES (UNAUDITED)

9 Market risk

Market risk under STM approach as at 30 June 2025

		Market risk capital charges under STM approach
1	General interest rate risk	14,364
2	Equity risk	–
3	Commodity risk	12,255
4	Foreign exchange risk	568,010
5	Credit spread risk (non-securitization)	449
6	Credit spread risk (securitization: non-correlation trading portfolio (“CTP”))	–
7	Credit spread risk (securitization: CTP)	–
8	Standardized default risk charge (“SA-DRC”) (non-securitization)	235
9	SA-DRC (securitization: non-CTP)	–
10	SA-DRC (securitization: CTP)	–
11	Residual risk add-on	240
12	Total	595,553

10 Asset encumbrance

The encumbered and unencumbered assets on the balance sheet as at 30 June 2025 are shown below.

	Encumbered assets*	Unencumbered assets	Total
Balances and placements with banks	422,781	83,766,826	84,189,607
Loans and advances to customers	–	68,855,340	68,855,340
Investment securities	3,672,261	61,288,454	64,960,715
Other assets	137,325	10,668,756	10,806,081
Total	4,232,367	224,579,376	228,811,743

* Assets that the Group is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other limitations.

REGULATORY DISCLOSURES (UNAUDITED)

11 Non-bank Mainland exposures

The Bank	30 June 2025			31 December 2024		
	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	1,716,788	31,863	1,748,651	1,927,666	5,874	1,933,540
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	7,358,135	499,204	7,857,339	7,291,296	556,579	7,847,875
4. Other entities of central government not reported in item 1 above	42,765	–	42,765	371,145	–	371,145
5. Other entities of local governments not reported in item 2 above	–	–	–	142,316	–	142,316
6. PRC nationals residing outside mainland China or entities incorporated outside mainland China where the credit is granted for use in mainland China	4,410,470	558,064	4,968,534	4,350,673	192,124	4,542,797
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank mainland China exposures	602,812	81	602,893	979,094	–	979,094
Total	14,130,970	1,089,212	15,220,182	15,062,190	754,577	15,816,767
Total assets after provision	219,856,976			217,731,890		
On-balance sheet exposures as percentage of total assets	6.43%			6.92%		

REGULATORY DISCLOSURES (UNAUDITED)

12 Currency concentrations

As at 30 June 2025

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	88,290,000	(89,291,000)	68,852,000	(58,984,000)	(1,152,000)	7,715,000	7,301,000
Pound Sterling	6,377,000	(6,494,000)	3,251,000	(3,323,000)	134,000	(55,000)	3,000
Euro Dollars	1,150,000	(1,160,000)	3,102,000	(3,898,000)	571,000	(235,000)	–
Renminbi	15,193,000	(14,254,000)	9,496,000	(10,380,000)	170,000	225,000	5,456,000
Canadian Dollars	1,205,000	(1,218,000)	191,000	(260,000)	66,000	(16,000)	–
Australian Dollars	3,744,000	(3,710,000)	2,273,000	(2,303,000)	–	4,000	–
Other currencies and gold	2,977,000	(1,772,000)	9,302,000	(10,793,000)	211,000	(75,000)	–
	118,936,000	(117,899,000)	96,467,000	(89,941,000)	–	7,563,000	12,760,000

As at 31 December 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	91,976,000	(92,153,000)	40,583,000	(34,037,000)	3,000	6,372,000	7,010,000
Pound Sterling	6,507,000	(5,458,000)	1,739,000	(2,845,000)	–	(57,000)	3,000
Euro Dollars	1,020,000	(1,004,000)	1,561,000	(1,585,000)	–	(8,000)	–
Renminbi	15,628,000	(14,646,000)	9,219,000	(9,605,000)	–	596,000	4,752,000
Canadian Dollars	1,326,000	(1,273,000)	216,000	(223,000)	(1,000)	45,000	–
Australian Dollars	2,429,000	(2,408,000)	1,405,000	(1,406,000)	–	20,000	–
Other currencies and gold	2,638,000	(2,094,000)	7,551,000	(7,841,000)	(2,000)	252,000	–
	121,524,000	(119,036,000)	62,274,000	(57,542,000)	–	7,220,000	11,765,000

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.

REVIEW OF OPERATIONS

Financial Review

Hong Kong's economy grew steadily in the first half of 2025, with real Gross Domestic Product expanding by 3.1% year-on-year driven by increased exports and trade against a slightly improved market backdrop. Hong Kong also solidified its position as a global financial hub, ranking third in the World Competitiveness Yearbook 2025 with IPO funds reaching HK\$107 billion for the first half of 2025, mainly driven by fund flow from Chinese companies' dual-listing of A-then-H shares. In terms of the interest rate movements, Hong Kong aggregate balance saw a significant increase causing one-month HIBOR to drop below 1%, a three-year low.

The global economy experienced a period of lower growth in the first half of 2025, compared to previous years, due to escalating trade barriers and uncertainties. The United States imposed higher trade tariffs on all trading partners, aiming to protect domestic industries and the trade tensions were further exacerbated by ongoing geopolitical conflicts which disrupted supply chains and inflated energy prices. Amid these headwinds, the U.S. equity markets demonstrated impressive resilience surging to new highs driven by strong corporate earnings and AI related optimism. U.S. interest rates were stable, but US Dollar experienced a notable decline of 10.7%. China's GDP grew at 5.3% in the first half of 2025, strengthened by industrial output and exports, despite trade frictions with the U.S.

For the first six months ended 30 June 2025, Shanghai Commercial Bank Limited (the "Bank") and its subsidiaries (together the "Group") recorded an operating income of HK\$3,228 million, an increase of HK\$388 million or 13.7% year-on-year. After taking into account impairment charges and operating expenses, consolidated profit after tax of the Group for the period rose to HK\$705 million from HK\$121 million a year ago. The Bank's operation and business remained robust with total capital adequacy ratio and common equity Tier 1 capital ratio maintained at 28.7% and 25.7% respectively at the end of June 2025 while the average liquidity maintenance ratio for the first half of 2025 was 76.5%.

Net interest income for the Bank grew by 3.3% and the average net interest margin improved by 5 basis points to 1.99%, as a result of our focused strategy to increase operating current and saving deposits and to improve yields in the money market and bond investments. Net fee and commission income was 18% higher than that of the same period last year mainly due to increased revenue contribution from securities brokerages and investment products sales, on the back of the improved investment sentiments and an increase in southbound fund net inflow to a record high in second quarter of 2025. Net trading income increased by 30.6% year-on-year mainly attributable to increase in treasury activities and customers' foreign exchange activities.

Credit impairment charges for the period was HK\$1,455 million, improved by 9.2% year-on-year, mainly due to the continuously challenging local and global business environment, which impacted the performance of certain borrowers. The non-performing loan ratio was 5.68% at the end of June 2025 compared to 4.78% at the end of 2024 as certain borrowers have encountered difficulties to meet the loan repayment schedule and impacted by lower collateral valuations. The Group has adopted proactive and conservative risk control strategies, including targeted loan sales, collateral foreclosure actions and collections, to mitigate the rise in non-performing loans.

The Group's total expenses were 8.1% higher than that for the first half of 2024, while the average cost-to-income ratio for the period was lower at 34.1% compared to 35.8% for the same period last year.

Net comprehensive income attributable to equity holders for the first half of 2025 amounted to HK\$2,117 million, an increase of 148.7% year-on-year, reflecting the Group's higher net profit and fair value gains on the Group's debt investments and equity interests, including in Bank of Shanghai.

The overall loan-to-deposit ratio was 40.2% at the end of June 2025 compared with 43.2% at the end of 2024 as gross loans and advances decreased by 8.0% to HK\$71 billion while total customer deposits slightly decreased by 1.1% to HK\$176 billion as the Group was prudently managing our loan portfolio and asset quality. The excess liquidity was invested in high-quality investment-grade bonds with ratings of single A or above, thereby reducing the Group's exposures to credit risk.

At the end of June 2025, the Group's total assets grew by 0.7% to HK\$229 billion while shareholders' funds grew by 5.6% to HK\$40.2 billion as compared with that at the end of 2024.

Highlights of Business Performance

Amid the macroeconomic uncertainties and challenges, the Group remained robust in credit risk management which resulted in a moderate decrease in loan balance. Looking ahead, the Group will remain focused on customers' credit quality and explore financing opportunities on a selective basis.

Wealth businesses demonstrated exceptional performance in the first half of 2025. Securities Brokerage, Investment Products, and Insurance business lines achieved notable growth, with overall retail fee exceeding 40% year-over-year expansion. Retail loans grew decently, driven by residential mortgages, while deposit costs were contained due to strong growth in current and savings deposits.

With respect to our Treasury business, the Group achieved strong performance on foreign exchange related income for the fourth consecutive year. The Bank will keep expanding our treasury product suite to meet clients' investment and hedging needs. The Bank has continued to diversify the bond investment portfolio to invest in sovereign securities denominated in regional currencies, while applying funding swaps to hedge foreign exchange risks and enhance yields. High quality and good liquidity continued to be our Group's criteria in managing Treasury assets.

REVIEW OF OPERATIONS

Following the Bank's success with Interbank Account Data Sharing and Commercial Data Interchange in 2024, our digital transformation journey continued to gain momentum in the first half of 2025. We have successfully launched the cross-border flow of commercial credit reference reports in the Greater Bay Area and improved the account opening and loan applications for mainland customers by the use of Blockchain technology and data coding. Our commitment and achievements in the digital landscape has earned us additional award recognitions building on last year's wins. We were honored with two prestigious awards at the Asian Banking & Finance Retail Banking Awards 2025: Digital Transformation of the Year – Hong Kong and SME Digital Innovation of the Year – Hong Kong. Moving forward, we aim to deliver a more seamless and personalized customer experience by leveraging alternative data and cutting-edge Artificial Intelligence technology to enhance our services and better serve our customers.

During these economic headwinds, the Bank was closely monitoring developments and had taken steps to mitigate associated risks. In response to the evolving and challenging market conditions, the Bank had been actively reallocating its loan lending towards less risky exposures, such as debt securities and money market placements to lower the risk profile. Moreover, the Bank had remained committed to robust risk management practices. Through strengthened credit review standards and continuous monitoring, we aimed to swiftly address emerging challenges and preserve the quality of our credit assets. In supporting our customers through prolonged market uncertainties, the Bank continued to adapt its risk control measures and reinforce our "three lines of defense" framework while maintaining a sound capital base.

Sustainability

The Group strives to achieve the integration of sustainability into our business strategy, operations, and culture. We actively align with the HKMA Sustainable Finance Action Agenda, with a strong focus on decarbonization in operational practices and investments. In the end of 2024, the Board has approved and developed a comprehensive Decarbonization Plan, which aims to achieve net zero in the Group's operations by 2030 and in our financed emissions by 2050. In the first half of 2025, we have made significant progress in our green and sustainable banking ("GSB") practices, expanding our green investment portfolio, accelerating digital transformation, and integrating technology with green banking solutions. We have also enhanced our internal environmental, social and governance ("ESG") data system integrity to monitor emissions from own operation and financed emissions, as well as incorporated the Decarbonization Plan into our 5-year plan. Furthermore, we are advancing responsible lending practices and established a Sustainability Disclosure Plan to ensure compliance with reporting requirements.

Our proactive exploration of green business opportunities demonstrates our commitment to sustainability, including the development of a Green and Sustainable Finance Framework and a detailed strategic plan to drive long-term environmental, social, and economic goals.

Bank Culture

In support of the Bank's strategic vision to advance sustainable development and digitalization, we continue to dedicate resources and efforts to foster a green and digital culture. Through a series of initiatives and competitions, we have encouraged green habits and raised staff awareness of AI-driven financial technologies. Our commitment to recognizing and embracing a culture of appreciation remains steadfast, with various recognition programs launched to acknowledge staff members who demonstrated good non-financial and customer centric behaviors that echoed with the Bank's core values. These efforts are integral to cultivating a positive culture that underpins the Bank's long-term success and contributes to the well-being of our customers, employees, and the broader community.

Looking Ahead

The Group has a series of activities to celebrate the seventy-fifth anniversary throughout the year 2025. We remain resolute in the many solid strengths of the Bank that have built our success over seven decades, and are formulating a new Five-Year Plan for 2026 to 2030, which will guide the Bank to weather obstacles and capture opportunities in the dynamic banking future, particularly in digital, ESG, GSB and Greater Bay Area development, which have become strategic realms for enhancing marketing competitiveness and creating sustainable growth. The Group continues to invest in consolidating operational resilience and pursue steady development across all business lines, while upholding high regulatory compliance and governance standards.

STATEMENT OF COMPLIANCE

In preparing the Group Interim Financial Disclosure Statement, the Bank complies with the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance.

Stephen Ching Yen LEE
Chairman

Wallace Wing Ted LAM
Chief Executive

Hong Kong, 20 August 2025

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF SHANGHAI COMMERCIAL BANK LIMITED

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 1 to 39, which comprises the interim condensed consolidated statement of financial position of Shanghai Commercial Bank Limited (the “Bank”) and its subsidiaries (together, the “Group”) as at 30 June 2025 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 August 2025