



BANK OF SHANGHAI (HONG KONG) LIMITED

2022 INTERIM REGULATORY DISCLOSURES STATEMENTS

**BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2022**

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BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2022

1 INTRODUCTION

The information contained in this document is for Bank of Shanghai (Hong Kong) Limited (“**the Company**”) and its subsidiaries (together “**the Group**”) and is prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the Hong Kong Monetary Authority (“**HKMA**”).

Basis of preparation

For regulatory reporting purpose, the Company is required to report its capital adequacy ratios, leverage ratios and liquidity maintenance ratio (“**LMR**”) on an unconsolidated basis. The other financial information contained in this document is prepared based on an unconsolidated base unless otherwise specified.

In calculating the risk-weighted amount (“**RWA**”), the Company adopted the Standardised (Credit Risk) Approach for credit risk and the Standardised (Market Risk) Approach for market risk. For operational risk, the capital requirement was determined by using the Basic Indicator Approach.

2 KEY PRUDENTIAL RATIOS

The following table provides an overview of the Bank’s key prudential ratios.

In HK\$’000		As at 30 June 2022	As at 31 March 2022	As at 31 December 2021	As at 30 September 2021	As at 30 June 2021
	Regulatory Capital (amount)					
1	Common Equity Tier 1 (CET1)	4,399,679	4,433,967	4,502,565	4,605,111	4,555,639
2	Tier 1	4,399,679	4,433,967	4,502,565	4,605,111	4,555,639
3	Total Capital	4,630,699	4,674,835	4,714,761	4,872,279	4,782,964
	RWA (amount)					
4	Total RWA	23,252,949	25,244,407	24,353,014	24,695,024	26,025,484
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	18.9	17.6	18.5	18.6	17.5
6	Tier 1 ratio (%)	18.9	17.6	18.5	18.6	17.5
7	Total Capital ratio (%)	19.9	18.5	19.4	19.7	18.4
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500	2.500	2.500	2.500	2.500
9	Countercyclical capital buffer requirement (%)	0.529	0.509	0.478	0.481	0.451
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	–	–	–	–	–
11	Total AI-specific CET1 buffer requirements (%)	3.029	3.009	2.978	2.981	2.951
12	CET1 available after meeting the AI’s minimum capital requirements (%)	11.9	10.5	11.4	11.7	10.4

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2 KEY PRUDENTIAL RATIOS (CONTINUED)

In HK\$'000		As at 30 June 2022	As at 31 March 2022	As at 31 December 2021	As at 30 September 2021	As at 30 June 2021
	Basel III Leverage ratio					
13	Total Leverage ratio (LR) exposure measure	31,886,711	33,579,546	31,105,698	31,093,077	30,979,169
14	LR (%)	13.8	13.2	14.5	14.8	14.7
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	NA	NA	NA	NA	NA
16	Total net cash outflows	NA	NA	NA	NA	NA
17	LCR (%)	NA	NA	NA	NA	NA
	Applicable to category 2 institution only:					
17a	LMR (%)	127.9	143.2	107.8	109.7	74.1
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	NA	NA	NA	NA	NA
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR (%)	NA	NA	NA	NA	NA
	Applicable to category 2A institution only:					
20a	CFR (%)	123.4	107.3	112.2	114.9	128.2

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3 COMPOSITION OF CAPITAL

(a) Financial Statements and Regulatory Scope of Consolidation

Capital adequacy ratios were calculated in accordance with the Capital Rules issued by the HKMA. The basis of consolidation for regulatory reporting purposes is different from the basis of consolidation for accounting purposes. As specified in a notice from the HKMA in accordance with Section 3C of the Capital Rules, the Company is only required to calculate capital adequacy ratio on an unconsolidated basis. Subsidiaries not included in consolidation for regulatory reporting purposes are companies that are authorised and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorized institutions under the Capital Rules and the Banking Ordinance. Details of subsidiaries that are not included in consolidation for regulatory reporting purposes are as follows:

Name of companies	Principal activities	Total assets as at 30 June 2022 HK\$'000	Total equity as at 30 June 2022 HK\$'000
BOSC International Company Limited	Investment banking	914,503	859,567
BOSC International Securities Limited	Dormant	9,995	9,755
BOSC International Asset Management Limited	Dormant	5,000	4,781
BOSCI Financial Products Limited (formerly "BOSC International Capital Limited")	Financial product investment business	2,261,561	(20,629)
BOSC International Investment Limited	Investment trading	4,087,884	(333,085)
BOSC International (Shenzhen) Company Limited	Corporate advisory	928,937	470,234
BOSC International Advisory (Shenzhen) Company Limited	Corporate advisory	143,950	87,751
BOSC International Equity Investment Fund Management (Shenzhen) Company Limited	Fund management	52,246	(3,502)
BOSC International Investment (Shenzhen) Company Limited	Investment trading	21,061	19,608
BOSCI (BVI) Limited	Special purpose entity for financing	3,927,224	541

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet

Table 1 : Reconciliation of Regulatory Scope Consolidated Balance Sheet to Capital Components

	Balance sheet as in published disclosure statements	Under regulatory scope of consolidation	Cross reference to Capital Disclosures
	As at 30 June 2022	As at 30 June 2022	
	HK\$'000	HK\$'000	
Assets			
Cash and balances from banks and central bank	1,610,045	1,258,927	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		64	(1)
Placements with and advances to banks	1,058,742	1,058,742	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		219	(2)
Financial assets at fair value through profit and loss	1,176,184	304,634	
Derivative financial assets	46,108	46,108	
Loans and advances to customers	18,801,454	18,801,454	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		223,293	(3)
Investment securities	11,808,129	8,834,691	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		696	(4)
Interests in associate	4,616	–	
Investment in subsidiary	–	780,000	
Property and equipments	63,274	54,606	
Intangible assets	3,659	3,387	(5)
Current tax recoverable	31,660	31,660	
Deferred tax assets	303,760	58,329	(6)
<i>of which: deferred tax liabilities related to intangible assets</i>		399	(7)
Other assets	313,647	176,251	
Total assets	35,221,278	31,408,789	

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet (continued)

Table 1 : Reconciliation of Regulatory Scope Consolidated Balance Sheet to Capital Components (continued)

	Balance sheet as in published disclosure statements	Under regulatory scope of consolidation	Cross reference to Capital Disclosures
	As at 30 June 2022	As at 30 June 2022	
	HK\$'000	HK\$'000	
Liabilities			
Deposits from customers	15,392,224	15,512,739	
Deposits from banks	7,338,521	7,338,521	
Derivative financial liabilities	101,529	101,529	
Certificates of deposit and other debt securities issued	7,348,731	3,437,443	
Current tax payable	81,092	–	
Lease liabilities	60,244	51,344	
Short-term borrowings	234,246	–	
Other liabilities	396,995	181,399	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		6,748	(8)
Total liabilities	30,953,582	26,622,975	
Equity			
Share capital	4,000,000	4,000,000	
<i>of which: amount eligible for CET1</i>	4,000,000	4,000,000	(9)
<i>of which: amount eligible for AT1</i>	–	–	
Retained profits	965,590	874,397	(10)
Other reserves	(697,894)	(88,583)	(11)
<i>of which: regulatory reserves</i>		–	(12)
Total equity	4,267,696	4,785,814	
Total equity and liabilities	35,221,278	31,408,789	

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet (continued)

Table 2 : Capital Disclosures

As the Company does not have any capital deduction qualified for transition arrangement under section 3 of Schedule 4H of the Banking (Capital) Rules (“**BCR**”), the Company has applied full capital deductions under BCR and the Company adopted this Capital Disclosures Template for making disclosures specified in the relevant subsections of section 24 of Banking (Disclosures) Rules.

		(a)	(b)
		HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	4,000,000	(9)
2	Retained earnings	874,397	(10)
3	Disclosed reserves	(88,583)	(11)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	–	
6	CET1 capital before regulatory adjustments	4,785,814	
CET1 capital: regulatory deductions			
7	Valuation adjustments	–	
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	2,988	(5) - (7)
10	Deferred tax assets (net of deferred tax liabilities)	58,728	(6) + (7)
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)	–	

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet (continued)

Table 2 : Capital Disclosures (continued)

		(a)	(b)
		HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)	–	
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)	324,419	
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	–	
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	–	(12)
26c	Securitization exposures specified in a notice given by the MA	–	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e	Capital shortfall of regulated non-bank subsidiaries	–	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28	Total regulatory deductions to CET1 capital	386,135	
29	CET1 capital	4,399,679	

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet (continued)

Table 2 : Capital Disclosures (continued)

		(a)	(b)
		HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	–	
31	of which: classified as equity under applicable accounting standards	–	
32	of which: classified as liabilities under applicable accounting standards	–	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	–	
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)	4,399,679	

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet (continued)

Table 2 : Capital Disclosures (continued)

		(a)	(b)
		HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	–	
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	–	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	–	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	–	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	231,020	(1) + (2) + (3) + (4) + (8)
51	Tier 2 capital before regulatory deductions	231,020	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	–	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	–	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	–	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	National specific regulatory adjustments applied to Tier 2 capital	–	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	–	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	–	

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet (continued)

Table 2 : Capital Disclosures (continued)

		(a)	(b)
		HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
57	Total regulatory adjustments to Tier 2 capital	–	
58	Tier 2 capital	231,020	
59	Total regulatory capital (Total capital=Tier 1+Tier 2)	4,630,699	
60	Total risk weighted assets	23,252,949	
Capital ratios (as a percentage of risk weighted assets)			
61	CET1 capital ratio	18.9%	
62	Tier 1 capital ratio	18.9%	
63	Total capital ratio	19.9%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.029%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.529%	
67	of which: higher loss absorbency requirement	–	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	11.91%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
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	–	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	472,410	
74	Mortgage servicing rights (net of associated deferred tax liability)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liability)	Not applicable	Not applicable

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet (continued)

Table 2 : Capital Disclosures (continued)

		(a)	(b)
		HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)	231,020	
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	262,554	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	–	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	–	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	–	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	–	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	–	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	–	

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet (continued)

Notes to the Table 2:

Elements 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
9	Other intangible assets (net of associated deferred tax liabilities)	2,988	2,988
	<p>Explanation</p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (“MSRs”) 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 follow the accounting treatment of including MSRs as part of intangible assets reported in the AI’s financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 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 9 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs 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.</p>		
10	Deferred tax assets (net of associated deferred tax liabilities)	58,728	–
	<p>Explanation</p> <p>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.</p>		

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3 COMPOSITION OF CAPITAL (CONTINUED)

(b) Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet (continued)

Notes to the Table 2: (continued)

Row No.	Description	Hong Kong basis	Basel III basis
	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	324,419	307,590
19	<p>Explanation</p> <p>For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 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 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

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3 COMPOSITION OF CAPITAL (CONTINUED)

(c) Main Features of Capital Instruments

1	Issuer	Bank of Shanghai (Hong Kong) Limited	Bank of Shanghai (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Hong Kong	Hong Kong
	<i>Regulatory treatment</i>		
4	Transitional Basel III rules	Common Equity Tier 1	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$2,200 million	HK\$1,800 million
9	Par value of instrument	HK\$10 each	RMB\$10 each
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	12/2/1974	3/1/2014
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable
16	Subsequent call dates, if applicable	Not applicable	Not applicable
	<i>Coupons/dividends</i>		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	Not applicable	Not applicable
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable

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3 COMPOSITION OF CAPITAL (CONTINUED)

(c) Main Features of Capital Instruments (continued)

29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Not applicable
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable

4 LEVERAGE RATIO

(a) Components of Leverage ratio

Leverage Ratio Disclosure Template

	Item	As at 30 June 2022 HK\$'000	As at 31 March 2022 HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	31,809,956	33,562,320
2	Less: Asset amounts deducted in determining Tier 1 capital	(386,135)	(377,508)
3	Total on-balance sheet exposures (excluding derivatives contracts and SFTs)	31,423,821	33,184,812
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	30,747	38,937
5	Add-on amounts for PFE associated with all derivatives contracts	119,129	92,837
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(69,656)	(13,466)
8	Less: Exempted CCP leg of client-cleared trade exposures	–	–
9	Adjusted effective notional amount of written credit-related derivatives contracts	–	–
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivatives contracts	–	–
11	Total exposures arising from derivative contracts	80,220	118,308

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4 LEVERAGE RATIO (CONTINUED)

(a) Components of Leverage ratio (continued)

	Item	As at 30 June 2022 HK\$'000	As at 31 March 2022 HK\$'000
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	–	–
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	–	–
15	Agent transaction exposures	–	–
16	Total exposures arising from SFTs	–	–
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	6,093,594	4,214,417
18	Less: Adjustments for conversion to credit equivalent amounts	(5,263,649)	(3,565,547)
19	Off-balance sheet items	829,945	648,870
Capital and total exposures			
20	Tier 1 capital	4,399,679	4,433,967
20a	Total exposures before adjustments for specific and collective provisions	32,333,986	33,951,990
20b	Adjustments for specific and collective provisions	(447,275)	(372,444)
21	Total exposures after adjustments for specific and collective provisions	31,886,711	33,579,546
Leverage ratio			
22	Leverage ratio	13.8%	13.2%

(b) Reconciliation of published financial statements to leverage ratio exposure

	Item	Leverage ratio framework As at 30 June 2022 HK\$'000
1	Total consolidated assets as per published financial statements	35,221,278
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,812,489)
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	–
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
3a	Adjustments for eligible cash pooling transactions	–
4	Adjustment for derivative contracts	80,220
5	Adjustment for SFTs (i.e. repos and similar secured lending)	–
6	Adjustment for off-balance sheet ("OBS") items(i.e. conversion to credit equivalent amounts of OBS exposures)	829,945
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	–
7	Other adjustments	(432,243)
8	Leverage ratio exposure measure	31,886,711

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5 OVERVIEW OF RISK-WEIGHTED AMOUNT

The table below sets out the RWA by risk types and their corresponding capital requirements (i.e. 8% of the RWA):

		(a)	(b)	(c)	
		RWA			Minimum capital requirements
		As at 30 June 2022	As at 31 March 2022	As at 30 June 2022	
	HK\$'000				
1	Credit risk for non-securitization exposures	19,769,696	22,014,972	1,581,576	
2	Of which STC approach	19,769,696	22,014,972	1,581,576	
2a	Of which BSC approach	–	–	–	
3	Of which foundation IRB approach	–	–	–	
4	Of which supervisory slotting criteria approach	–	–	–	
5	Of which advanced IRB approach	–	–	–	
6	Counterparty default risk and default fund contributions	53,577	48,923	4,286	
7	Of which SA-CCR approach	53,577	48,923	4,286	
7a	Of which CEM	–	–	–	
8	Of which IMM(CCR) approach	–	–	–	
9	Of which others	–	–	–	
10	CVA risk	43,313	42,438	3,465	
11	Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–	
12	Collective investment scheme (“CIS”) exposures – LTA	NA	NA	NA	
13	CIS exposures – MBA	NA	NA	NA	
14	CIS exposures – FBA	NA	NA	NA	
14a	CIS exposures – combination of approaches	NA	NA	NA	
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	1,163,738	915,988	93,099	
21	Of which STM approach	1,163,738	915,988	93,099	
22	Of which IMM approach	–	–	–	

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5 OVERVIEW OF RISK-WEIGHTED AMOUNT (CONTINUED)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
HK\$'000		As at 30 June 2022	As at 31 March 2022	As at 30 June 2022
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	NA	NA	NA
24	Operational risk	1,041,600	1,033,988	83,328
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,181,025	1,188,098	94,482
26	Capital floor adjustment	–	–	–
26a	Deduction to RWA			
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	–	–	–
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	–	–	–
27	Total	23,252,949	25,244,407	1,860,236

Total RWA decreased mainly attributable to decrease in RWA for credit risk, which was driven by the decrease in bank and corporate exposures.

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6 CREDIT RISK

(a) Credit quality of assets

As at 30 June 2022	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values	
	Defaulted exposures	Non- defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1	Loans	386,691	21,205,784	437,820	214,244	223,576	–	21,154,655
2	Debt securities	–	9,179,533	696	–	696	–	9,178,837
3	Off-balance sheet exposures	–	588,688	2,156	–	2,156	–	586,532
4	Total	386,691	30,974,005	440,672	214,244	226,428	–	30,920,024

A default is considered to have occurred with regard to a particular borrower when either or both of the following events have taken place:

- Subjective default: Borrower is considered to be unlikely to pay its credit obligations in full, without taking action such as realising security (if held).
- Technical default: Borrower is more than 90 days past due on any credit obligation.

Loans included balances with banks and central bank, placements with and advances to banks, loans and advances to customers and related interest receivables.

Debt securities included non-trading investment securities and related interest receivables.

Off-balance sheet exposures included direct credit substitutes, transaction-related contingencies, trade-related contingencies and irrecoverable loans commitment.

(b) Changes in Stock of Defaulted Loans and Debt Securities

As at 30 June 2022		(a)
		HK\$'000
1	Default loans and debt securities as at 31 December 2021	288,818
2	Loans and debt securities that have defaulted since the last reporting period	126,875
3	Returned to non-defaulted status	–
4	Amounts written off	–
5	Other changes (Note a)	(29,002)
6	Defaulted loans and debt securities as at 30 June 2022	386,691

Note a : The amount includes partial repayment of defaulted loans and foreign exchange movements.

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6 CREDIT RISK (CONTINUED)

(c) Overview of Recognized Credit Risk Mitigation

		(a)	(b1)	(b)	(d)	(f)
		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
As at 30 June 2022		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	17,111,392	4,043,263	38,960	4,004,303	–
2	Debt securities	9,178,837	–	–	–	–
3	Total	26,290,229	4,043,263	38,960	4,004,303	–
4	Of which defaulted	172,447	–	–	–	–

(d) Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation – STC approach

		As at 30 June 2022					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
Exposure classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
1	Sovereign exposures	3,582,650	–	3,582,650	–	38,172	1
2	PSE exposures	390,820	–	390,820	–	78,164	20
2a	Of which: domestic PSEs	390,820	–	390,820	–	78,164	20
2b	Of which: foreign PSEs	–	–	–	–	–	–
3	Multilateral development bank exposures	–	–	–	–	–	–
4	Bank exposures	4,687,541	–	5,467,994	–	2,237,436	41
5	Securities firm exposures	389,952	450,000	389,952	–	194,976	50
6	Corporate exposures	21,312,733	5,643,594	17,262,734	279,454	16,771,268	96
7	CIS exposures	–	–	–	–	–	–
8	Cash items	–	–	–	–	–	–
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	–
10	Regulatory retail exposures	5,029	–	5,029	–	3,772	75
11	Residential mortgage loans	–	–	–	–	–	–
12	Other exposures which are not past due exposures	187,237	–	187,237	–	187,237	100
13	Past due exposures	172,447	–	172,447	–	258,671	150
14	Significant exposures to commercial entities	–	–	–	–	–	–
15	Total	30,728,409	6,093,594	27,458,863	279,454	19,769,696	71

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6 CREDIT RISK (CONTINUED)

(e) Credit Risk Exposures by Asset Classes and by Risk Weights – STC approach

		As at 30 June 2022										
Risk Weight	Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM) HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1	Sovereign exposures	3,391,789	-	190,861	-	-	-	-	-	-	-	3,582,650
2	PSE exposures	-	-	390,820	-	-	-	-	-	-	-	390,820
2a	Of which: domestic PSEs	-	-	390,820	-	-	-	-	-	-	-	390,820
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	1,655,199	-	3,812,795	-	-	-	-	-	5,467,994
5	Securities firm exposures	-	-	-	-	389,952	-	-	-	-	-	389,952
6	Corporate exposures	-	-	-	-	1,554,574	-	15,974,886	12,728	-	-	17,542,188
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-	-	-	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	5,029	-	-	-	-	5,029
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-	187,237	-	-	-	187,237
13	Past due exposures	-	-	-	-	-	-	-	172,447	-	-	172,447
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	3,391,789	-	2,236,880	-	5,757,321	5,029	16,162,123	185,175	-	-	27,738,317

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7 COUNTERPARTY CREDIT RISK (“CCR”)

(a) Analysis of Counterparty Default Risk Exposures (Other than those to CCPs) by Approaches

		As at 30 June 2022					
		Replacement cost (RC) HK\$'000	PFE HK\$'000	Effect EPE HK\$'000	Alpha (α) used for computing default risk exposure HK\$'000	Default risk exposure after CRM HK\$'000	RWA HK\$'000
1	SA – CCR approach (for derivative contracts)	21,962	83,260		1.4	147,311	53,577
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						53,577

(b) CVA Capital Charge

		As at 30 June 2022	
		(a)	(b)
		EAD post CRM HK\$'000	RWA HK\$'000
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	–	–
1	(i) VaR (after application of multiplication factor if applicable)		–
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		–
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	147,311	43,313
4	Total	147,311	43,313

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7 COUNTERPARTY CREDIT RISK (“CCR”) (CONTINUED)

(c) Counterparty Default Risk Exposures (Other than those to CCPs) by Asset Classes and by Risk Weights – for STC approach

Risk Weight Exposure class		As at 30 June 2022										Total default risk exposure after CRM HK\$'000
		0% HK\$'000	10% HK\$'000	20% HK\$'000	35% HK\$'000	50% HK\$'000	75% HK\$'000	100% HK\$'000	150% HK\$'000	250% HK\$'000	Others HK\$'000	
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	66,937	-	80,371	-	-	-	-	-	147,308
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	3	-	-	-	3
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	66,937	-	80,371	-	3	-	-	-	147,311

(d) Composition of Collateral for Counterparty Default Risk Exposures (including those for Contracts or Transactions Cleared through CCPs)

	As at 30 June 2022					
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received HK\$'000	Fair value of posted collateral HK\$'000
	Segregated HK\$'000	Unsegregated HK\$'000	Segregated HK\$'000	Unsegregated HK\$'000		
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	-	28,882	-	69,656	-	-
Corporate bonds	-	-	-	-	-	-
Total	-	28,882	-	69,656	-	-

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8 MARKET RISK UNDER STANDARDIZED APPROACH

		As at 30 June 2022
		(a)
		RWA HK\$'000
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	38
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures	1,163,700
4	Commodity exposures	–
	Option exposures	
5	Simplified approach	–
6	Delta-plus approach	–
7	Other approach	–
8	Securitization exposures	–
9	Total	1,163,738

9 INTERNATIONAL CLAIMS

International claims are exposures of counterparties based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate international claims are shown as follows:

In HK\$'000			Non-bank private sector		Total
	Banks	Official sector	Non-bank financial institution	Non-financial private sector	
As at 30 June 2022:					
Developed countries	1,060,674	784,262	71,221	262,515	2,178,672
Offshore centers	738,668	–	1,606,269	2,771,078	5,116,015
of which Hong Kong SAR	723,101	–	1,606,269	2,479,697	4,809,067
Developing Asia and Pacific	2,541,271	190,573	1,244,549	9,878,935	13,855,328
of which China	2,517,532	190,573	1,244,549	9,652,315	13,604,969
	4,340,613	974,835	2,922,039	12,912,528	21,150,015
	4,340,613	974,835	2,922,039	12,912,528	21,150,015

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9 INTERNATIONAL CLAIMS (CONTINUED)

In HK\$'000

			Non-bank private sector		Total
			Non-bank financial institution	Non-financial private sector	
	Banks	Official sector			
As at 31 December 2021:					
Developed countries	2,087,313	–	116,259	369,628	2,573,200
Offshore centers	829,800	–	1,605,348	3,083,851	5,518,999
of which Hong Kong SAR	708,709	–	1,605,348	2,784,759	5,098,816
Developing Asia and Pacific	2,872,228	200,596	1,565,950	11,042,805	15,681,579
of which China	2,848,402	200,596	1,487,962	10,816,843	15,353,803
	<u>5,789,341</u>	<u>200,596</u>	<u>3,287,557</u>	<u>14,496,284</u>	<u>23,773,778</u>

The geographical analysis has taken into account the transfer of risk.

10 FURTHER ANALYSIS OF LOANS AND ADVANCES TO CUSTOMERS

(a) Gross loans and advances to customers by industry sector

	30 June 2022		31 December 2021	
	HK\$'000	% of gross advances covered by collaterals	HK\$'000	% of gross advances covered by collaterals
Gross loans and advances to customers for use in Hong Kong				
Industrial, commercial and financial sectors				
– property development	1,603,498	48.8	1,251,309	38.5
– property investment	615,096	100.0	611,232	100.0
– financial concerns	5,442,217	7.9	5,643,473	11.4
– wholesale and retail trade	–	–	–	–
– manufacturing	1,155,709	60.5	894,993	34.7
– transport and transport equipment	199,862	–	199,792	–
– others	854,564	56.3	868,625	63.9
	<u>9,870,946</u>	<u>30.4</u>	<u>9,469,424</u>	<u>27.5</u>
Individuals	<u>30,688</u>	<u>–</u>	<u>40,593</u>	<u>–</u>
Total gross loans and advances for use in Hong Kong	<u>9,901,634</u>	<u>30.4</u>	<u>9,510,017</u>	<u>27.4</u>
Trade finance	<u>302,390</u>	<u>–</u>	<u>299,974</u>	<u>–</u>
Gross loans and advances for use outside Hong Kong	<u>9,034,192</u>	<u>17.5</u>	<u>9,044,588</u>	<u>24.1</u>
Gross loans and advances to customers	<u>19,238,216</u>	<u>23.8</u>	<u>18,854,579</u>	<u>25.4</u>

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10 FURTHER ANALYSIS OF LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Segmental analysis of loans and advances to customers by geographical area

Loans and advances to customers by geographical area are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when a loan is guaranteed by a party located in an area that is different from that of the counterparty.

	Gross loans and advances to customers HK\$'000	Impaired loans and advances (Stage 3) HK\$'000	Overdue loans and advances HK\$'000	Stage 3 ECL HK\$'000	Stage 1&2 ECL HK\$'000
At 30 June 2022					
– Hong Kong	8,286,219	330,351	330,351	(196,075)	(130,406)
– Mainland China	10,433,996	55,149	55,149	(17,394)	(85,756)
– Others	518,001	–	–	–	(7,131)
	<u>19,238,216</u>	<u>385,500</u>	<u>385,500</u>	<u>(213,469)</u>	<u>(223,293)</u>
At 31 December 2021					
– Hong Kong	6,986,085	357,105	287,082	(109,907)	(107,144)
– Mainland China	11,267,029	–	–	–	(86,375)
– Others	601,465	–	–	–	(4,939)
	<u>18,854,579</u>	<u>357,105</u>	<u>287,082</u>	<u>(109,907)</u>	<u>(198,458)</u>

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10 FURTHER ANALYSIS OF LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Overdue loans and advances to customers

The overdue loans and advances of the Company are analysed as follows:

	As at 30 June 2022		As at 31 December 2021	
	HK\$'000	% of gross loans and advances to customers	HK\$'000	% of gross loans and advances to customers
Less than three months	–	–	287,082	1.52
Six months or less but over three months	125,684	0.65	–	–
One year or less but over six months	259,816	1.35	–	–
Over one year	–	–	–	–
	<u>385,500</u>	<u>2.00</u>	<u>287,082</u>	<u>1.52</u>
Allowance for credit and other losses made in respect of the above overdue loans and advances	<u>213,469</u>		<u>73,563</u>	
Current market value of collateral held against the covered portion of the above overdue loans and advances	<u>–</u>		<u>–</u>	
Covered portion of the above overdue loans and advances	<u>–</u>		<u>–</u>	
Uncovered portion of the above overdue loans and advances	<u>385,500</u>		<u>287,082</u>	

(d) Rescheduled loans and advances

The rescheduled loans and advances of the Company are analysed as follows:

	As at 30 June 2022		As at 31 December 2021	
	HK\$'000	% of gross loans and advances to customers	HK\$'000	% of gross loans and advances to customers
Rescheduled loans and advances	<u>259,816</u>	<u>1.35</u>	<u>287,082</u>	<u>1.52</u>

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10 FURTHER ANALYSIS OF LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(e) Repossessed assets

There were no repossessed assets as at 30 June 2022 and 31 December 2021.

(f) Overdue other assets

The overdue other assets of the Company are analysed as follows:

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Less than three months	606	3,523
Six months or less but over three months	2,290	1,356
One year or less but over six months	3,162	2,039
Over one year	3,889	1,827
	<u>9,947</u>	<u>8,745</u>

(g) Further analysis of loans and advances to customers

Impaired loans and advances, overdue loans and advances, Stage 3 ECL and Stage 1&2 ECL, in respect of industry sectors representing not less than 10% of gross loans and advances to customers are analysed as follows:

	30 June 2022			
	Impaired loans and advances HK\$'000	Overdue loans and advances HK\$'000	Stage 3 ECL HK\$'000	Stage 1&2 ECL HK\$'000
Financial concerns	–	–	–	(80,772)
Property development	70,535	70,535	(48,409)	(22,184)
Manufacturing	–	–	–	(39,364)
	<u>–</u>	<u>70,535</u>	<u>(48,409)</u>	<u>(142,320)</u>
	31 December 2021			
	Impaired loans and advances HK\$'000	Overdue loans and advances HK\$'000	Stage 3 ECL HK\$'000	Stage 1&2 ECL HK\$'000
Financial concerns	–	–	–	(67,153)
Property development	70,023	–	(36,342)	(17,497)
Manufacturing	–	–	–	(32,842)
	<u>70,023</u>	<u>–</u>	<u>(36,342)</u>	<u>(116,492)</u>

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11 MAINLAND ACTIVITIES

As at 30 June 2022	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	2,961,316	–	2,961,316
2. Local governments, local government-owned entities and their subsidiaries and JVs	2,837,655	–	2,837,655
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,442,859	274,545	7,717,404
4. Other entities of central government not reported in item 1 above	1,813,441	49,631	1,863,072
5. Other entities of local governments not reported in item 2 above	175,219	–	175,219
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,613,598	53,782	1,667,380
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,003,692	–	3,003,692
	<u>19,847,780</u>	<u>377,958</u>	<u>20,225,738</u>
Total assets after provision	<u>31,427,313</u>		
On-balance sheet exposures as percentage of total assets	<u>63.2%</u>		

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11 MAINLAND ACTIVITIES (CONTINUED)

As at 31 December 2021	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	2,862,501	–	2,862,501
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,217,717	–	3,217,717
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,759,403	272,872	8,032,275
4. Other entities of central government not reported in item 1 above	1,964,565	4,872	1,969,437
5. Other entities of local governments not reported in item 2 above	176,062	–	176,062
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,645,638	42,628	1,688,266
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,130,134	–	3,130,134
	<u>20,756,020</u>	<u>320,372</u>	<u>21,076,392</u>
Total assets after provision	<u>30,839,325</u>		
On-balance sheet exposures as percentage of total assets	<u>67.3%</u>		

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12 CURRENCY CONCENTRATIONS

The Group (including the Company and its subsidiaries) had the following net foreign currency exposures which exceeded 10% of the net foreign currency exposure in all currencies:

	USD \$'000 HK\$ equivalent	RMB \$'000 HK\$ equivalent	Other foreign currencies \$'000 HK\$ equivalent	Total foreign currencies \$'000 HK\$ equivalent
As at 30 June 2022				
Spot assets	22,246,542	1,533,175	488,129	24,267,846
Spot liabilities	(20,917,805)	(6,091,001)	(84,817)	(27,093,623)
Forward purchases	5,393,514	3,632,110	47,628	9,073,252
Forward sales	(5,875,854)	–	(438,408)	(6,314,262)
Net long/(short) non-structural position	<u>846,397</u>	<u>(925,716)</u>	<u>12,532</u>	<u>(66,787)</u>
As at 31 December 2021				
Spot assets	24,248,105	2,124,638	798,424	27,171,167
Spot liabilities	(24,208,247)	(2,731,518)	(68,881)	(27,008,646)
Forward purchases	2,732,056	849,157	44,250	3,625,463
Forward sales	(1,582,150)	(550,243)	(742,698)	(2,875,091)
Net long/(short) non-structural position	<u>1,189,764</u>	<u>(307,966)</u>	<u>31,095</u>	<u>912,893</u>

As at 30 June 2022 and 31 December 2021, there was no net structural position.

13 COUNTERCYCLICAL CAPITAL BUFFER

Geographical Distribution of Credit Exposures used in Countercyclical Capital Buffer (“CCyB”)

The following table provides an overview of the geographical distribution of the RWA of private sector credit exposures relevant for the calculation of the Bank’s CCyB ratio.

In HK\$'000		As at 30 June 2022			
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio	AI-specific CCyB ratio (%)	CCyB amount
1	Hong Kong SAR	1.000	9,846,858		
	Sum		9,846,858		
	Total		18,596,949	0.529	123,008

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14 SEGMENTAL INFORMATION

The following sections show the financial information of the Company and its subsidiaries.

(a) Segmental information by class of business

In HK\$'000	Commercial	Investment	Others	Total
30 June 2022	banking	banking		
Total operating income	242,607	5,323	(6,256)	241,674
Operating profit before impairment losses	172,149	(45,302)	–	126,847
Profit before taxation	40,879	(131,271)	–	(90,392)
Total assets	<u>31,408,789</u>	<u>4,729,916</u>	<u>(917,427)</u>	<u>35,221,278</u>
30 June 2021				
Total operating income	291,417	238,845	(7,249)	523,013
Operating profit before impairment losses	222,827	165,859	–	388,686
Profit before taxation	70,578	166,872	–	237,450
31 December 2021				
Total assets	<u>30,831,829</u>	<u>5,294,119</u>	<u>(794,182)</u>	<u>35,331,766</u>

(b) Segmental information by booking location

In HK\$'000	30 June 2022		30 June 2021	
	Hong Kong	China	Hong Kong	China
Total operating income	284,574	140,916	464,491	66,134
Profit before taxation	(29,369)	115,921	195,920	39,641
30 June 2022				
31 December 2021				
Total assets	42,614,955	1,010,255	42,504,337	1,034,859
Total liabilities	37,308,210	463,680	37,053,080	552,118
Contingent liabilities and commitments	<u>6,093,594</u>	<u>–</u>	<u>4,454,647</u>	<u>–</u>

Commercial banking business mainly comprises deposit account services, corporate lending and trade finance.

Investment banking business primarily include, financial and investment advisory, mergers and acquisitions, securities brokerage, asset management, fixed income and direct investment.

Others encompass the results of that are not attributed to business segments.