

**Bank of Shanghai (Hong Kong) Limited**  
**Balance Sheet Reconciliation**  
**As at 31 December 2013**

**Step 1**

The Company's regulatory scope of consolidation and that of accounting consolidation are identical, thus the Company has prepared the reconciliation below to meet the disclosure requirement specified in section 24(1)(b) of the Banking (Disclosures) Rules.

**Step 2**

	Balance sheet as in published disclosure statements	Cross reference to Definition of Capital Components
	As at 31 Dec 2013	
	HK\$'000	
<b>Assets</b>		
Cash and balances from banks	27,370	
Placements with banks	1,018,818	
Loans and advances to customers	153,901	
<i>of which: collective impairment allowances reflected in regulatory capital</i>	558	(1)
Available-for-sale financial assets	47,614	
Fixed assets	13,820	
Intangible assets	6,810	(2)
Deferred tax assets	4,782	(3)
<i>of which: deferred tax liabilities related to intangible assets</i>	1,099	(4)
Current tax recoverable	424	
Other assets	13,662	
<b>Total assets</b>	<b>1,287,201</b>	
<b>Liabilities</b>		
Deposits from customers	967,561	
Deposits from banks	130,987	
Derivative financial liabilities	302	
Current tax payable	446	
Other liabilities	11,825	
<b>Total liabilities</b>	<b>1,111,121</b>	
<b>Equity</b>		
Share capital	200,000	(4)
Accumulated losses	(25,856)	(5)
Other reserves	1,936	(6)
<i>of which: regulatory reserves</i>	986	(7)
<b>Total equity</b>	<b>176,080</b>	
<b>Total equity and liabilities</b>	<b>1,287,201</b>	

## Step 3

		(HK\$'000)	
		Component of regulatory capital reported by bank	Cross- referenced* to
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	200,000	(4)
2	Retained earnings	(25,856)	(5)
3	Disclosed reserves	1,936	(6)
4	<i>Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)</i>	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)	0	
6	<b>CET1 capital before regulatory deductions</b>	176,080	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liability)	0	
9	Other intangible assets (net of associated deferred tax liability)	5,711	(2) - (4)
10	Deferred tax assets net of deferred tax liabilities	5,881	(3) + (4)
11	Cash flow hedge reserve	0	
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	
13	Gain-on-sale arising from securitization transactions	0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	0	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	
17	Reciprocal cross-holdings in CET1 capital instruments	0	
18	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
20	<i>Mortgage servicing rights (amount above 10% threshold)</i>	Not applicable	
21	<i>Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)</i>	Not applicable	
22	<i>Amount exceeding the 15% threshold</i>	Not applicable	
23	<i>of which: significant investments in the common stock of financial sector entities</i>	Not applicable	
24	<i>of which: mortgage servicing rights</i>	Not applicable	
25	<i>of which: deferred tax assets arising from temporary differences</i>	Not applicable	
26	National specific regulatory adjustments applied to CET1 capital	986	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	0	
26b	Regulatory reserve for general banking risks	986	(7)
26c	Securitization exposures specified in a notice given by the Monetary Authority	0	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	0	
26e	Capital shortfall of regulated non-bank subsidiaries	0	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0	
28	<b>Total regulatory deductions to CET1 capital</b>	12,578	
29	<b>CET1 capital</b>	163,502	

AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	0	
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	<i>Capital instruments subject to phase out arrangements from AT1 capital</i>	0	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	0	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	0	
36	<b>AT1 capital before regulatory deductions</b>	0	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	0	
38	Reciprocal cross-holdings in AT1 capital instruments	0	
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
41	National specific regulatory adjustments applied to AT1 capital	0	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0	
43	<b>Total regulatory deductions to AT1 capital</b>	0	
44	<b>AT1 capital</b>	0	
45	<b>Tier 1 capital (Tier 1 = CET1 + AT1)</b>	163,502	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	0	
47	<i>Capital instruments subject to phase out arrangements from Tier 2 capital</i>	0	
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)	0	
49	<i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	0	
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,544	(1) + (7)
51	<b>Tier 2 capital before regulatory deductions</b>	1,544	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	0	
53	Reciprocal cross-holdings in Tier 2 capital instruments	0	
54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
56	National specific regulatory adjustments applied to Tier 2 capital	0	
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	0	
57	<b>Total regulatory deductions to Tier 2 capital</b>	0	
58	<b>Tier 2 capital</b>	1,544	
59	<b>Total capital (Total capital = Tier 1 + Tier 2)</b>	165,046	

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

\*

Footnote:

Cross-referenced to Consolidated Balance Sheet in Step 2