



上海銀行(香港)
Bank of Shanghai (Hong Kong)

BANK OF SHANGHAI (HONG KONG) LIMITED

2023 INTERIM REGULATORY DISCLOSURES STATEMENTS

**BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023**

CONTENTS

	Pages
Introduction	1
Key Prudential Ratios	1
Composition of Capital	2
Leverage Ratio	14
Overview of Risk-weighted Amount	16
Credit Risk	18
Counterparty Credit Risk	21
Market Risk Under Standardized Approach	23
International Claims	23
Further Analysis of Loans and Advances to Customers	24
Mainland Activities	28
Currency Concentrations	30
Countercyclical Capital Buffer	30
Segmental Information	31

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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

As a result of the review of the scope of consolidation for regulatory purposes, the Bank is required to calculate the key prudential ratios on both unconsolidated and consolidated basis with effective from 1 July 2022. Except where indicated otherwise, the financial information contained in this Regulatory Disclosure Statement has been prepared on a consolidated basis. The financial information for different position dates were prepared on different consolidation bases and may not be directly comparable.

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 2023	As at 31 March 2023	As at 31 December 2022	As at 30 September 2022	As at 30 June 2022
	Regulatory Capital (amount)					
1	Common Equity Tier 1 (CET1)	6,120,821	6,413,315	3,816,131	3,660,441	4,399,679
2	Tier 1	6,120,821	6,413,315	3,816,131	3,660,441	4,399,679
3	Total Capital	6,426,054	6,716,445	4,058,756	3,947,831	4,630,699
	RWA (amount)					
4	Total RWA	26,859,816	26,838,936	22,054,158	25,836,485	23,252,949
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	22.8	23.9	17.3	14.2	18.9
6	Tier 1 ratio (%)	22.8	23.9	17.3	14.2	18.9
7	Total Capital ratio (%)	23.9	25.0	18.4	15.3	19.9
	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 (%)	0.477	0.465	0.392	0.400	0.529
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	–	–	–	–	–
11	Total AI-specific CET1 buffer requirements (%)	2.977	2.965	2.892	2.900	3.029
12	CET1 available after meeting the AI’s minimum capital requirements (%)	15.9	17.0	10.4	7.3	11.9

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

2 KEY PRUDENTIAL RATIOS (CONTINUED)

In HK\$'000		As at 30 June 2023	As at 31 March 2023	As at 31 December 2022	As at 30 September 2022	As at 30 June 2022
Basel III Leverage ratio						
13	Total Leverage ratio (LR) exposure measure	33,567,710	34,746,897	29,298,980	32,640,293	31,886,711
14	LR (%)	18.2	18.5	13.0	11.2	13.8
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 (%)	182.9	160.7	129.2	132.2	127.9
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 (%)	112.2	123.5	113.7	137.0	123.4

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. Details of subsidiary that is not included in consolidation for regulatory reporting purposes is as follows:

Name of companies	Principal activities	Total assets as at 30 June 2023 HK\$'000	Total equity as at 30 June 2023 HK\$'000
BOSC Zhongcheng Investment (Shenzhen) Limited Partnership	Investment trading	148,733	140,388

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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 2023	As at 30 June 2023	
	HK\$'000	HK\$'000	
Assets			
Cash and balances from banks and central bank	818,760	817,418	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		40	(1)
Placements with and advances to banks	406,459	406,459	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		41	(2)
Financial assets at fair value through profit and loss	1,122,899	1,122,899	
Derivative financial assets	80,753	80,753	
Loans and advances to customers	19,223,653	19,223,653	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		308,704	(3)
Investment securities	10,666,457	10,666,457	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		63,498	(4)
Interests in associate	5,537	4,472	
Investment in subsidiary	–	102,213	
Property and equipments	38,331	38,331	
Intangible assets	2,779	2,779	(5)
Current tax recoverable	34,191	34,191	
Deferred tax assets	341,810	341,981	(6)
<i>of which: deferred tax liabilities related to intangible assets</i>		303	(7)
Other assets	453,361	324,603	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		3,012	(8)
Total assets	33,194,990	33,166,209	

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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 2023	As at 30 June 2023	
	HK\$'000	HK\$'000	
Liabilities			
Deposits from customers	13,700,584	13,700,584	
Deposits from banks	4,561,662	4,561,662	
Derivative financial liabilities	3,543	3,543	
Certificates of deposit and other debt securities issued	7,569,965	7,569,965	
Current tax payable	59,436	52,401	
Deferred tax liabilities	4,186	4,186	
Lease liabilities	34,743	34,743	
Short-term borrowings	296,418	296,418	
Other liabilities	477,112	477,126	
<i>of which: collective provision eligible for inclusion in Tier 2 capital</i>		11,899	(9)
Total liabilities	26,707,649	26,700,628	
Equity			
Share capital	6,305,476	6,305,476	
<i>of which: amount eligible for CET1</i>	6,305,476	6,305,476	(10)
<i>of which: amount eligible for AT1</i>	–	–	
Retained profits	618,547	595,811	(11)
Other reserves	(436,682)	(435,706)	(12)
<i>of which: regulatory reserves</i>		–	(13)
Total equity	6,487,341	6,465,581	
Total equity and liabilities	33,194,990	33,166,209	

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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	6,305,476	(10)
2	Retained earnings	595,811	(11)
3	Disclosed reserves	(435,706)	(12)
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	6,465,581	
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)	2,476	(5) - (7)
10	Deferred tax assets (net of deferred tax liabilities)	342,284	(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)	–	

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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)	–	
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	–	(13)
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	344,760	
29	CET1 capital	6,120,821	

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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)	6,120,821	

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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	305,233	
51	Tier 2 capital before regulatory deductions	305,233	
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	–	

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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	305,233	
59	Total regulatory capital (Total capital=Tier 1+Tier 2)	6,426,054	
60	Total risk weighted assets	26,859,816	
Capital ratios (as a percentage of risk weighted assets)			
61	CET1 capital ratio	22.8%	
62	Tier 1 capital ratio	22.8%	
63	Total capital ratio	23.9%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.977%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.477%	
67	of which: higher loss absorbency requirement	–	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	15.92%	
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	–	
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

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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)	305,233	
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	387,194	(1) + (2) + (3) + (4) + (8) + (9)
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 2023)			
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>	–	

**BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023**

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)	2,476	2,476
	<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)	342,284	–
	<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>		

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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)	–	–
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>		

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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	Bank of Shanghai (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA	NA
3	Governing law(s) of the instrument	Hong Kong	Hong Kong	Hong Kong
	<i>Regulatory treatment</i>			
4	Transitional Basel III rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	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	HK\$2,305 million
9	Par value of instrument	HK\$10 each	RMB\$10 each	HK\$10 each
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity
11	Original date of issuance	12/2/1974	3/1/2014	10/1/2023
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	Not applicable
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable
	<i>Coupons/dividends</i>			
17	Fixed or floating dividend/coupon	Floating	Floating	Floating
18	Coupon rate and any related index	Not applicable	Not applicable	Not applicable
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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

4 LEVERAGE RATIO

(a) Components of Leverage ratio

Leverage Ratio Disclosure Template

	Item	As at 30 June 2023 HK\$'000	As at 31 March 2023 HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	34,314,492	35,515,946
2	Less: Asset amounts deducted in determining Tier 1 capital	(344,760)	(311,385)
3	Total on-balance sheet exposures (excluding derivatives contracts and SFTs)	33,969,732	35,204,561
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)	34,300	10,235
5	Add-on amounts for PFE associated with all derivatives contracts	80,797	70,559
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	(2,586)	(35,800)
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	112,511	44,994

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

4 LEVERAGE RATIO (CONTINUED)

(a) Components of Leverage ratio (continued)

	Item	As at 30 June 2023 HK\$'000	As at 31 March 2023 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	4,850,856	4,237,310
18	Less: Adjustments for conversion to credit equivalent amounts	(4,136,353)	(3,556,170)
19	Off-balance sheet items	714,503	681,140
Capital and total exposures			
20	Tier 1 capital	6,120,821	6,413,315
20a	Total exposures before adjustments for specific and collective provisions	34,796,746	35,930,695
20b	Adjustments for specific and collective provisions	(1,229,036)	(1,183,798)
21	Total exposures after adjustments for specific and collective provisions	33,567,710	34,746,897
Leverage ratio			
22	Leverage ratio	18.2%	18.5%

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

	Item	Leverage ratio framework As at 30 June 2023 HK\$'000
1	Total consolidated assets as per published financial statements	33,194,990
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(28,781)
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	112,511
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)	714,503
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	–
7	Other adjustments	(425,513)
8	Leverage ratio exposure measure	33,567,710

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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 2023	As at 31 March 2023	As at 30 June 2023	
	HK\$'000				
1	Credit risk for non-securitization exposures	24,124,903	24,224,580	1,929,992	
2	Of which STC approach	24,124,903	24,224,580	1,929,992	
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	38,217	25,780	3,057	
7	Of which SA-CCR approach	38,217	25,780	3,057	
7a	Of which CEM	–	–	–	
8	Of which IMM(CCR) approach	–	–	–	
9	Of which others	–	–	–	
10	CVA risk	27,700	22,538	2,216	
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	623,763	727,438	49,901	
21	Of which STM approach	623,763	727,438	49,901	
22	Of which IMM approach	–	–	–	

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

5 OVERVIEW OF RISK-WEIGHTED AMOUNT (CONTINUED)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
HK\$'000		As at 30 June 2023	As at 31 March 2023	As at 30 June 2023
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	1,789,700	1,838,600	143,176
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	255,533	–	20,443
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	26,859,816	26,838,936	2,148,785

Total RWA remained stable during the quarter.

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

6 CREDIT RISK

(a) Credit quality of assets

As at 30 June 2023	(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	731,136	20,475,396	691,419	382,634	308,784	–	20,515,113
2	Debt securities	906,682	11,485,138	518,733	455,236	63,498	–	11,873,087
3	Off-balance sheet exposures	–	590,202	3,038	–	3,038	–	587,164
4	Total	1,637,818	32,550,736	1,213,190	837,870	375,320	–	32,975,364

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 2023		(a)
		HK\$'000
1	Default loans and debt securities as at 31 December 2022	1,853,072
2	Loans and debt securities that have defaulted since the last reporting period	111,289
3	Returned to non-defaulted status	–
4	Amounts written off	(71,727)
5	Other changes (Note a)	(254,816)
6	Defaulted loans and debt securities as at 30 June 2023	1,637,818

Note a : Other change included repayments, market value change and exchange movements.

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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 2023		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	17,075,721	3,439,393	3,653	3,435,740	–
2	Debt securities	11,873,088	–	–	–	–
3	Total	28,948,809	3,439,393	3,653	3,435,740	–
4	Of which defaulted	742,962	–	–	–	–

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

		As at 30 June 2023					
		(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	2,181,680	–	2,181,680	–	–	–
2	PSE exposures	1,024,592	–	1,024,592	–	204,918	20
2a	Of which: domestic PSEs	1,024,592	–	1,024,592	–	204,918	20
2b	Of which: foreign PSEs	–	–	–	–	–	–
3	Multilateral development bank exposures	–	–	–	–	–	–
4	Bank exposures	6,140,137	–	7,733,846	–	3,443,735	45
5	Securities firm exposures	228,937	521,645	228,937	–	114,469	50
6	Corporate exposures	21,992,179	4,329,211	18,544,585	288,438	18,542,370	98
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	–	–	–	–	–	–
11	Residential mortgage loans	–	–	–	–	–	–
12	Other exposures which are not past due exposures	700,450	–	700,450	–	700,450	100
13	Past due exposures	745,974	–	745,974	–	1,118,961	150
14	Significant exposures to commercial entities	–	–	–	–	–	–
15	Total	33,013,949	4,850,856	31,160,064	288,438	24,124,903	77

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

6 CREDIT RISK (CONTINUED)

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

		As at 30 June 2023										
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	2,181,680	-	-	-	-	-	-	-	-	-	2,181,680
2	PSE exposures	-	-	1,024,592	-	-	-	-	-	-	-	1,024,592
2a	Of which: domestic PSEs	-	-	1,024,592	-	-	-	-	-	-	-	1,024,592
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	1,410,629	-	6,323,217	-	-	-	-	-	7,733,846
5	Securities firm exposures	-	-	-	-	228,937	-	-	-	-	-	228,937
6	Corporate exposures	-	-	-	-	1,082,871	-	17,248,588	501,564	-	-	18,833,023
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	-	-	-	-	-	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-	700,450	-	-	-	700,450
13	Past due exposures	-	-	-	-	-	-	-	745,974	-	-	745,974
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	2,181,680	-	2,435,221	-	7,635,025	-	17,949,038	1,247,538	-	-	31,448,502

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

7 COUNTERPARTY CREDIT RISK (“CCR”)

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

		As at 30 June 2023					
		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)	24,500	57,330		1.4	114,562	38,217
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						38,217

(b) CVA Capital Charge

		As at 30 June 2023	
		(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	114,562	27,700
4	Total	114,562	27,700

(c) Credit-related derivatives contracts and exposures to CCPs

The Company does not have credit-related derivatives exposures nor exposures to central counterparty as at 30 June 2023.

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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

(d) 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 2023										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	-	-	12,709	-	25,508	-	-	-	-	-	38,217
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
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	-	-	12,709	-	25,508	-	-	-	-	-	38,217

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

	As at 30 June 2023					
	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	-	62,370	-	2,586	-	-
Corporate bonds	-	-	-	-	-	-
Total	-	62,370	-	2,586	-	-

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

8 MARKET RISK UNDER STANDARDIZED APPROACH

		As at 30 June 2023
		(a)
		RWA HK\$'000
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	–
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures	623,763
4	Commodity exposures	–
	Option exposures	
5	Simplified approach	–
6	Delta-plus approach	–
7	Other approach	–
8	Securitization exposures	–
9	Total	623,763

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 2023:					
Developed countries	2,681,955	1,166,823	151,744	–	4,000,522
Offshore centers	763,622	80,922	1,405,156	2,417,321	4,667,021
of which Hong Kong SAR	762,976	80,922	1,405,156	1,657,504	3,906,558
Developing Asia and Pacific	2,310,318	–	1,417,178	5,273,320	9,000,816
of which China	2,310,318	–	1,417,178	4,821,590	8,549,086
Developing Africa and Middle East	134,491	–	–	–	134,491
	<u>5,890,386</u>	<u>1,247,745</u>	<u>2,974,078</u>	<u>7,690,641</u>	<u>17,802,850</u>

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

9 INTERNATIONAL CLAIMS (CONTINUED)

In HK\$'000

			Non-bank private sector		Total
	Banks	Official sector	Non-bank financial institution	Non-financial private sector	
As at 31 December 2022:					
Developed countries	1,378,878	780,431	162,392	11	2,321,712
Offshore centers	773,806	–	1,809,545	1,887,143	4,470,494
of which Hong Kong SAR	741,910	–	1,809,545	1,652,724	4,204,179
Developing Asia and Pacific	3,070,892	–	1,125,673	4,999,908	9,196,473
of which China	2,978,201	–	1,125,673	4,741,979	8,845,853
Developing Africa and Middle East	142,980	–	–	–	142,980
	<u>5,366,556</u>	<u>780,431</u>	<u>3,097,610</u>	<u>6,887,062</u>	<u>16,131,659</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 2023		31 December 2022	
	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	1,756,668	5.8	1,418,786	31.8
– property investment	461,580	100.0	615,440	100.0
– financial concerns	5,766,296	13.2	4,886,848	8.6
– wholesale and retail trade	565,973	53.0	369,854	81.1
– manufacturing	2,160,863	44.9	1,124,158	41.4
– transport and transport equipment	1,242,791	–	199,934	–
– information technology	200,000	–	–	–
– others	1,843,675	10.8	939,826	40.9
	<u>13,997,846</u>	<u>20.0</u>	<u>9,554,846</u>	<u>27.6</u>
Individuals	<u>10,000</u>	<u>–</u>	<u>30,619</u>	<u>–</u>
Total gross loans and advances for use in Hong Kong	<u>14,007,846</u>	<u>19.9</u>	<u>9,585,465</u>	<u>27.5</u>
Trade finance	<u>277,824</u>	<u>1.3</u>	<u>309,952</u>	<u>4.3</u>
Gross loans and advances for use outside Hong Kong	<u>5,629,259</u>	<u>13.3</u>	<u>6,375,929</u>	<u>9.3</u>
Gross loans and advances to customers	<u>19,914,929</u>	<u>17.8</u>	<u>16,271,346</u>	<u>19.9</u>

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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 2023					
– Hong Kong	9,393,715	144,809	144,809	(82,801)	(135,981)
– Mainland China	9,310,508	586,209	586,209	(299,771)	(155,176)
– Others	1,210,706	–	–	–	(17,547)
	<u>19,914,929</u>	<u>731,018</u>	<u>731,018</u>	<u>(382,572)</u>	<u>(308,704)</u>
At 31 December 2022					
– Hong Kong	6,705,872	227,825	227,825	(129,618)	(107,066)
– Mainland China	9,076,944	666,592	666,592	(375,382)	(84,666)
– Others	488,530	–	–	–	(9,077)
	<u>16,271,346</u>	<u>894,417</u>	<u>894,417</u>	<u>(505,000)</u>	<u>(200,809)</u>

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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 2023		As at 31 December 2022	
	HK\$'000	% of gross loans and advances to customers	HK\$'000	% of gross loans and advances to customers
Less than three months	–	–	540,000	3.32
Six months or less but over three months	–	–	–	–
One year or less but over six months	540,000	2.71	126,592	0.78
Over one year	191,018	0.96	227,825	1.40
	<u>731,018</u>	<u>3.67</u>	<u>894,417</u>	<u>5.50</u>
Allowance for credit and other losses made in respect of the above overdue loans and advances	<u>382,572</u>		<u>505,000</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>731,018</u>		<u>894,417</u>	

(d) Rescheduled loans and advances

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

	As at 30 June 2023		As at 31 December 2022	
	HK\$'000	% of gross loans and advances to customers	HK\$'000	% of gross loans and advances to customers
Rescheduled loans and advances	<u>144,809</u>	<u>0.73</u>	<u>227,825</u>	<u>1.40</u>

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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

(e) Repossessed assets

There were no repossessed assets as at 30 June 2023 and 31 December 2022.

(f) Overdue other assets

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

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Less than three months	350	584
Six months or less but over three months	44	326
One year or less but over six months	1,410	8,684
Over one year	14,185	7,021
	<u>15,989</u>	<u>16,615</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 2023			
	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	–	–	–	(66,138)
Property development	540,000	540,000	(275,400)	(114,024)
Manufacturing	–	–	–	(33,130)
	<u>–</u>	<u>540,000</u>	<u>(275,400)</u>	<u>(149,292)</u>
	31 December 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	–	–	–	(77,123)
Property development	610,286	610,286	(345,686)	(26,076)
Manufacturing	–	–	–	(38,734)
	<u>610,286</u>	<u>610,286</u>	<u>(345,686)</u>	<u>(141,933)</u>

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

11 MAINLAND ACTIVITIES

As at 30 June 2023	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)	3,333,803	–	3,333,803
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,577,177	7,842	3,585,019
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,585,099	297,761	5,882,860
4. Other entities of central government not reported in item 1 above	1,133,017	–	1,133,017
5. Other entities of local governments not reported in item 2 above	183,381	–	183,381
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	772,639	46,905	819,544
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,775,997	53,207	3,829,204
	<u>18,361,113</u>	<u>405,715</u>	<u>18,766,828</u>
Total assets after provision	<u>30,493,555</u>		
On-balance sheet exposures as percentage of total assets	<u>60.2%</u>		

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

11 MAINLAND ACTIVITIES (CONTINUED)

As at 31 December 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)	1,973,728	–	1,973,728
2. Local governments, local government-owned entities and their subsidiaries and JVs	2,110,267	–	2,110,267
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,839,008	–	5,839,008
4. Other entities of central government not reported in item 1 above	2,076,640	–	2,076,640
5. Other entities of local governments not reported in item 2 above	170,874	–	170,874
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	851,936	58,785	910,721
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,162,103	–	2,162,103
	<u>15,184,556</u>	<u>58,785</u>	<u>15,243,341</u>
Total assets after provision	<u>25,692,549</u>		
On-balance sheet exposures as percentage of total assets	<u>59.1%</u>		

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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 2023				
Spot assets	15,926,131	5,791,121	787,703	22,504,955
Spot liabilities	(20,590,444)	(4,144,446)	(77,254)	(24,812,144)
Forward purchases	5,794,616	710,111	23,093	6,527,820
Forward sales	<u>(1,306,283)</u>	<u>(2,980,554)</u>	<u>(701,590)</u>	<u>(4,988,427)</u>
Net long/(short) non-structural position	<u>(175,980)</u>	<u>(623,768)</u>	<u>31,952</u>	<u>(767,796)</u>
As at 31 December 2022				
Spot assets	16,962,674	3,471,563	521,498	20,955,735
Spot liabilities	(18,743,505)	(5,678,009)	(102,669)	(24,524,183)
Forward purchases	6,026,064	3,594,999	47,227	9,668,290
Forward sales	<u>(4,193,474)</u>	<u>(2,258,101)</u>	<u>(453,683)</u>	<u>(6,905,258)</u>
Net long/(short) non-structural position	<u>51,759</u>	<u>(869,548)</u>	<u>12,373</u>	<u>(805,416)</u>

As at 30 June 2023 and 31 December 2022, 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 2023			
	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	9,784,303		
	Sum		9,784,303		
	Total		20,530,692	0.477	128,121

BANK OF SHANGHAI (HONG KONG) LIMITED
REGULATORY DISCLOSURES STATEMENTS
FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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 banking	Investment banking	Others	Total
30 June 2023				
Total operating income	209,610	246,805	(6,270)	450,145
Operating profit before impairment losses	144,430	203,659	–	348,089
Profit before taxation	80,409	119,576	–	199,985
Total assets	<u>30,442,565</u>	<u>6,079,210</u>	<u>(3,326,785)</u>	<u>33,194,990</u>
30 June 2022				
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)
31 December 2022				
Total assets	<u>25,655,831</u>	<u>4,921,769</u>	<u>(1,554,844)</u>	<u>29,022,756</u>

(b) Segmental information by booking location

In HK\$'000	30 June 2023		30 June 2022	
	Hong Kong	China	Hong Kong	China
Total operating income	310,636	167,139	284,574	140,916
Profit before taxation	71,664	148,984	(29,369)	115,921
	30 June 2023		31 December 2022	
	Hong Kong	China	Hong Kong	China
Total assets	42,737,343	1,106,947	36,529,087	1,156,734
Total liabilities	35,121,434	470,401	31,592,401	597,558
Contingent liabilities and commitments	<u>4,850,856</u>	<u>–</u>	<u>5,583,844</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.