

BANK OF SHANGHAI (HONG KONG) LIMITED

**INTERIM FINANCIAL INFORMATION
DISCLOSURE STATEMENTS FOR THE
SIX MONTHS ENDED 30 JUNE 2014**

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

CONTENTS	Page(s)
FINANCIAL REVIEW	1
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONSOLIDATED STATEMENT OF CASH FLOWS	5
NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS	6 - 25
SUPPLEMENTARY FINANCIAL INFORMATION	26 - 32

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

Bank of Shanghai (Hong Kong) Limited (the “Company”) is pleased to present the interim financial disclosure statements of the Company and its subsidiary (the “Group”) for the six months ended 30 June 2014. The consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated statement of changes in equity for the six months ended 30 June 2014, and the consolidated statement of financial position as at 30 June 2014 of the Group, (all of which are unaudited) along with the selected explanatory notes are illustrated on pages 2 to 32 of these interim financial disclosure statements.

Financial Review

In January 2014, Bank of Shanghai Co., Ltd., the Company’s parent company, injected new capital of RMB 1,404,385,000 into the Company to strengthen its capital position. With the capital increase, the Company has progressively developed and grown its businesses and produced a satisfactory operating profit for the first half of 2014. It should be noted that the Group’s operating result included a foreign exchange translation loss of HK\$46,555,000 related to the capital denominated in Renminbi (“RMB”) due to the depreciation of RMB against HK\$ during the interim period. Should this translation loss be excluded, the Group’s operating profit before taxation would have been HK\$54,117,000.

In March 2014, the Company established a wholly-owned subsidiary, BOSC International Company Limited (“BOSC International”), in Hong Kong with a paid-up capital of HK\$10,000,000. BOSC International is intended to be the investment banking arm of the Group and has applied to the Securities and Futures Commission (the “SFC”) for the relevant licenses to conduct corporate finance business. It has remained dormant and will commence business only when the necessary regulatory approved is obtained. Therefore, this subsidiary did not have any significant impact on the Group’s financial results in the interim period.

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Interest income		105,998	458
Interest expense		(48,643)	(9)
Net interest income	5	<u>57,355</u>	<u>449</u>
Net fees and commission income	6	22,498	203
Net trading loss	7	(42,465)	(10)
Total operating income		<u>37,388</u>	<u>642</u>
Operating expenses	8	(24,411)	(17,067)
Operating profit/(loss) before impairment losses		<u>12,977</u>	<u>(16,425)</u>
Loan impairment charges	9	(5,527)	(232)
Operating profit		<u>7,450</u>	<u>(16,657)</u>
Net profit on sale of available-for-sale financial assets	10	111	-
Profit/(loss) before taxation		<u>7,561</u>	<u>(16,657)</u>
Taxation	11	(7,464)	(59)
Profit/(loss) for the period		<u>97</u>	<u>(16,716)</u>
Other comprehensive income for the period net of tax			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Net movement in available-for-sale fair value reserve	12	(1,071)	-
Total comprehensive income for the period		<u>(974)</u>	<u>(16,716)</u>
		=====	=====

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
Assets			
Cash and balances with banks	14	142,756	27,370
Placements with banks	15	4,587,499	1,018,818
Derivative financial assets	23	7,850	-
Loans and advances to customers	16	2,421,593	153,901
Available-for-sale financial assets	17	118,547	47,614
Fixed assets	18	11,559	13,820
Intangible assets		6,787	6,810
Current tax recoverable		424	424
Deferred tax assets		2,754	4,782
Other assets	19	85,550	13,662
		<hr/>	<hr/>
Total assets		7,385,319	1,287,201
		<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Deposits from customers	20	3,609,268	967,561
Deposits from banks		1,743,438	130,987
Derivative financial liabilities	23	4,661	302
Current tax payable		2,098	446
Other liabilities	21	50,748	11,825
		<hr/>	<hr/>
Total liabilities		5,410,213	1,111,121
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Share capital	22	2,000,000	200,000
(Accumulated losses)/retained profits		(42,965)	(25,856)
Other reserves		18,071	1,936
		<hr/>	<hr/>
Total equity		1,975,106	176,080
		<hr/> <hr/>	<hr/> <hr/>
Total equity and liabilities		7,385,319	1,287,201
		<hr/> <hr/>	<hr/> <hr/>

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital \$'000	(Accumulated losses)/ retained profits \$'000	Available- for-sale fair value reserve \$'000	Regulatory reserve \$'000	Total \$'000
Balance at 1 January 2013		250,000	269,629	-	-	519,629
Changes in equity for the six months ended 30 June 2013:						
Loss for the period		-	(16,716)	-	-	(16,716)
Total comprehensive income		-	(16,716)	-	-	(16,716)
Share repurchase		(50,000)	-	-	-	(50,000)
Dividend paid		-	(269,931)	-	-	(269,931)
Balance at 30 June 2013 and 1 July 2013		200,000	(17,018)	-	-	182,982
Changes in equity for the six months ended 31 December 2013:						
Loss for the period		-	(7,852)	-	-	(7,852)
Other comprehensive income		-	-	950	-	950
Total comprehensive income		-	(7,852)	950	-	(6,902)
Transfer to regulatory reserve		-	(986)	-	986	-
Balance at 31 December 2013 and 1 January 2014		200,000	(25,856)	950	986	176,080
Changes in equity for the six months ended 30 June 2014:						
Profit for the period		-	97	-	-	97
Other comprehensive income	12	-	-	(1,071)	-	(1,071)
Total comprehensive income		-	97	(1,071)	-	(974)
Issue of ordinary share	22(a)	1,800,000	-	-	-	1,800,000
Transfer to regulatory reserve		-	(17,206)	-	17,206	-
Balance at 30 June 2014		2,000,000	(42,965)	(121)	18,192	1,975,106

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Net cash outflow from operating activities	24(a)	(864,003)	(22,053)
Investing activities			
Proceeds from sale of available-for-sale investments		40,330	-
Purchase of available-for-sale financial assets		(112,232)	-
Purchases of fixed assets		(3,510)	(4,269)
Interest received from available-for-sale financial assets		1,624	-
Net cash outflow from investing activities		(73,788)	(4,269)
Financing activities			
Issuance of share capital		1,800,000	-
Dividend paid		-	(269,931)
Payment for share repurchase		-	(50,000)
Net cash inflow/(outflow) from financing activities		1,800,000	(319,931)
Increase/(decrease) in cash and cash equivalents		862,209	(346,253)
Cash and cash equivalents at 1 January		787,645	514,101
Cash and cash equivalents at 30 June	24(b)	1,649,854	167,848

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS

(1) BASIS OF PREPARATION

These interim financial information disclosure statements were authorised for issue on 30 September 2014 and have been prepared in accordance with the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority ("HKMA").

(2) ACCOUNTING POLICY

Except as described below, the accounting policies applied in preparing these interim financial information disclosure statements are consistent with those used and described in the Company's audited annual financial statements for the year ended 31 December 2013.

The Company established a wholly owned entity during the interim period and thus the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. As a result, the Company's investment in this entity has been consolidated into the consolidated financial statements from the date of establishment of the entity. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions were eliminated in full when preparing the consolidated financial statements. Unrealised loss resulting from intra-group transactions were eliminated in the same way as unrealised profits but only to the extent that there was no evidence of impairment.

The Group has adopted the following new standards and amendments to standards which have insignificant or no effect on the interim financial information disclosure statements:

- Amendment to Hong Kong Accounting Standards ("HKAS") 32 "Offsetting Financial Assets and Liabilities"
- Amendment to HKAS 36 "Impairment of assets – Recoverable amount disclosures for non-financial assets"
- Amendment to HKAS 39 "Novation of derivatives and continuation of hedge accounting"
- Amendment to Hong Kong Financial Reporting Standard ("HKFRS") 10, HKFRS 12 and HKAS 27 "Investment entities"

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(3) BASIS OF CONSOLIDATION

The interim financial information disclosure statements cover the consolidated positions of the Company and its subsidiary.

Unless otherwise stated, all financial information contained are prepared according to the consolidation basis for accounting purposes.

The capital adequacy ratio of the Group on a consolidated basis was computed in accordance with the regulatory requirements. For accounting purpose, the consolidated financial statements would include the Company and the subsidiary, BOSC International. However, under the regulatory guideline, the subsidiary is not required to be consolidated for regulatory purpose as it was only established recently and yet to commence operation as of 30 June 2014. Details of the subsidiary not being consolidated for regulatory purpose are as follows:

<u>Name of company</u>	<u>Principal activities</u>	<u>Total assets as at 30 Jun 2014</u>	<u>Total equity as at 30 Jun 2014</u>
BOSC International Company Limited	Not yet commence business	10,000	9,940

(4) STATEMENT OF COMPLIANCE

In preparing the unaudited interim financial information disclosure statements for the first half of 2014, the Company has fully complied with the disclosure provisions of the Banking (Disclosure) Rules.

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)

(5) NET INTEREST INCOME

	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Interest income		
Interest income arising from financial assets that are not measured at fair value through profit or loss		
- Balances and placements with banks	86,182	385
- Loans and advances to customers	19,263	73
- Listed available-for-sale financial assets	42	-
- Unlisted available-for-sale financial assets	511	-
	<u>105,998</u>	<u>458</u>
	-----	-----
Interest expense		
Interest expense arising from financial liabilities that are not measured at fair value through profit or loss		
- Deposits from banks	(5,254)	(2)
- Deposits from customers	(43,385)	(7)
- Others	(4)	-
	<u>(48,643)</u>	<u>(9)</u>
	-----	-----
Net interest income	<u>57,355</u>	<u>449</u>
	=====	=====

There were no interest income accrued on impaired financial assets and on unwinding of discount on loan impairment allowances for the six months ended 30 June 2014 and 30 June 2013.

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)

(6) NET FEES AND COMMISSION INCOME

	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Fees and commission income		
- Credit facilities	22,075	205
- Trade services	305	-
- Others	230	-
	<u>22,610</u>	<u>205</u>
Fees and commission expenses	<u>(112)</u>	<u>(2)</u>
Net fees and commission income	<u>22,498</u>	<u>203</u>
	=====	=====

All the fees and commission income of HK\$22,610,000 (2013: HK\$205,000) and fees and commission expenses of HK\$112,000 (2013: HK\$2,000) for the six months ended 30 June 2014 were arising from financial assets and financial liabilities that were not measured at fair value through profit or loss.

No fees and commission income nor fees and commission expenses were arising from trust or other fiduciary activities where the Group might hold or invest on behalf of its customers for the six months ended 30 June 2014 and 30 June 2013.

(7) NET TRADING LOSS

	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Net foreign exchange loss	(42,465)	(10)
	<u>(42,465)</u>	<u>(10)</u>
	=====	=====

“Net trading loss” include foreign exchange gains or losses on spot and forward contracts, and revaluation of assets and liabilities in foreign currencies. There was a notable translation loss of HK\$46,555,000 for the Group related to the Company’s capital denominated in RMB due to depreciation of RMB against HK\$ during the first half of 2014. Excluding this translation loss, the Group would have recorded a net foreign exchange gain of HK\$4,090,000 during the six month ended 30 June 2014.

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)

(8) OPERATING EXPENSES

	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Staff costs		
- Salaries and other benefits	11,688	5,916
- Pension and provident funds	962	543
	<u>12,650</u>	<u>6,459</u>
	-----	-----
Premises and equipment expenses excluding depreciation		
- Rental of premises	3,347	1,960
- Maintenance and office facility expenses	485	187
- Others	300	116
	<u>4,132</u>	<u>2,263</u>
	-----	-----
Auditors' remuneration	200	245
Depreciation of fixed assets	2,429	379
Amortisation of intangible assets	916	132
Legal and professional fees	768	3,830
IT and systems expenses	2,000	2,634
Other operating expenses	1,316	1,125
	<u>7,629</u>	<u>8,345</u>
	-----	-----
	<u>24,411</u>	<u>17,067</u>
	=====	=====

(9) LOAN IMPAIRMENT CHARGES

	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Loan impairment charges	5,527	232
	=====	=====
Representing:		
New provision	5,527	232
	=====	=====

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)

(10) NET PROFIT ON SALE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Net revaluation gain transferred from reserves	955	-
Loss arising in the period	(844)	-
	<u>111</u>	<u>-</u>
	=====	=====

(11) TAXATION

Taxation in the consolidated statement of comprehensive income is illustrated below:

	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Current tax		
Hong Kong profits tax		
Provision for the period	-	59
	-----	-----
Taxation outside Hong Kong		
Withholding tax in the People's Republic of China	5,436	-
	<u>5,436</u>	<u>59</u>
	=====	=====
Deferred tax		
Origination and reversal of temporary differences	2,028	-
	<u>7,464</u>	<u>59</u>
	=====	=====

The provision for Hong Kong profits tax was calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the period.

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)

(12) OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	<u>6 months ended 30 Jun 2014</u>			<u>6 months ended 30 Jun 2013</u>		
	<i>Before tax</i>	<i>Tax</i>	<i>Net-of-tax</i>	<i>Before tax</i>	<i>Tax</i>	<i>Net-of-tax</i>
	<i>amount</i>	<i>expense</i>	<i>amount</i>	<i>amount</i>	<i>expense</i>	<i>amount</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale financial assets: net movement in available-for-sale fair value reserve	(1,071)	-	(1,071)	-	-	-
Other comprehensive income	(1,071)	-	(1,071)	-	-	-

(b) Components of other comprehensive income

	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Available-for-sale investment reserve		
- fair value changes taken to equity	(116)	-
- fair value changes transferred to profit or loss	(955)	-
	<u>(1,071)</u>	<u>-</u>

(13) DIVIDEND

Dividends approved and paid during the six months ended 30 June 2013 amounted to HK\$26,931,000 (HK\$13.49 per share). There was no dividend approved or paid during the six months ended 30 June 2014.

(14) CASH AND BALANCES WITH BANKS

	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
Balances with banks	<u>142,756</u>	<u>27,370</u>

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(15) PLACEMENTS WITH BANKS

	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
Placements with banks		
- maturing within one month	1,326,059	208,793
- maturing between one and twelve months	3,261,440	810,025
	<u>4,587,499</u>	<u>1,018,818</u>
	=====	=====

There were no overdue, impaired or rescheduled placements with banks for the periods indicated.

(16) LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers

	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
Gross loans and advances to customers	2,427,678	154,459
Less: loan impairment allowances		
- individually assessed	-	-
- collectively assessed	(6,085)	(558)
	<u>2,421,593</u>	<u>153,901</u>
	=====	=====

There were no impaired loans and advances to customers as at 30 June 2014 and 31 December 2013.

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)

(16) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Loan impairment allowances against loans and advances to customers

	Individually assessed HK\$'000	Collectively assessed HK\$'000	Total HK\$'000
At 1 January 2013	-	-	-
New impairment allowances charges	-	(558)	(558)
At 31 December 2013	-	(558)	(558)
New impairment allowances charges	-	(5,527)	(5,527)
At 30 June 2014	-	(6,085)	(6,085)

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

	<u>30 Jun 2014</u>		<u>31 Dec 2013</u>	
	HK\$'000	% of gross advances covered by collateral	HK\$'000	% of gross advances covered by collateral
Gross loans and advances to customers for use in Hong Kong				
Industrial, commercial and financial sectors				
- manufacturing	50,687	45.2	31,000	12.9
- wholesale and retail trade	304,270	18.1	55,000	29.1
- property investment	191,390	100.0	-	-
- financial concerns	493,288	68.9	-	-
	<u>1,039,635</u>	58.6	<u>86,000</u>	23.3
Individuals	<u>246,500</u>	-	<u>-</u>	-
Total gross loans and advances for use in Hong Kong	1,286,135	47.4	86,000	23.3
Trade finance	154,006	79.4	36,344	11.1
Gross loans and advances for use outside Hong Kong	<u>987,537</u>	40.5	<u>32,115</u>	100.0
Gross loans and advances to customers	<u><u>2,427,678</u></u>	46.6	<u><u>154,459</u></u>	36.4

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(16) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) 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	Individually impaired loans and advances	Overdue loans and advances	Individually assessed allowances	Collectively assessed allowances
At 30 June 2014					
Hong Kong	576,279	-	-	-	(2,085)
Rest of Asia-Pacific	1,851,399	-	-	-	(4,000)
	<u>2,427,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,085)</u>
At 31 December 2013					
Hong Kong	122,344	-	-	-	(442)
Rest of Asia-Pacific	32,115	-	-	-	(116)
	<u>154,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(558)</u>

(17) AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
Certificates of deposit held	6,239	6,388
Debt securities	112,308	41,226
	<u>118,547</u>	<u>47,614</u>
Issued by:		
- Banks	118,547	6,388
- Corporates	-	41,226
	<u>118,547</u>	<u>47,614</u>
Analysed by listing status:		
- Listed	112,308	-
- Unlisted	6,239	47,614
	<u>118,547</u>	<u>47,614</u>

There were no available-for-sale debt securities individually determined to be impaired as at 30 June 2014 and 31 December 2013.

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(18) FIXED ASSETS

Details of movement of fixed assets are as follows:

	Leasehold improvements HK\$'000	Furniture, computer and other equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:				
At 1 January 2014	5,298	10,274	1,007	16,579
Additions		168	-	168
Disposals	-	-	-	-
At 30 June 2014	<u>5,298</u>	<u>10,442</u>	<u>1,007</u>	<u>16,747</u>
Accumulated depreciation:				
At 1 January 2014	(1,124)	(1,488)	(147)	(2,759)
Charge for the period	(963)	(1,340)	(126)	(2,429)
Disposals	-	-	-	-
At 30 June 2014	<u>(2,087)</u>	<u>(2,828)</u>	<u>(273)</u>	<u>(5,188)</u>
Net book value:				
At 30 June 2014	<u>3,211</u>	<u>7,614</u>	<u>734</u>	<u>11,559</u>
At 31 December 2013	<u>4,174</u>	<u>8,786</u>	<u>860</u>	<u>13,820</u>

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)

(19) OTHER ASSETS

	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
Interest receivable	43,288	6,766
Fee receivable	18,276	3,480
Customer liability under acceptances	16,946	-
Prepaid expenses	3,843	1,607
Others	3,197	1,809
	<u>85,550</u>	<u>13,662</u>
	=====	=====

(20) DEPOSITS FROM CUSTOMERS

	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
Deposits from customers - time, call and notice deposits	3,609,268	967,561
	<u>3,609,268</u>	<u>967,561</u>
	=====	=====

(21) OTHER LIABILITIES

	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
Interest payable	27,551	4,010
Account payable	122	40
Accrued expenses	493	1,497
Provision for short term employee benefits	2,088	5,000
Obligations under finance leases	96	107
Acceptances outstanding	16,946	-
Others	3,452	1,171
	<u>50,748</u>	<u>11,825</u>
	=====	=====

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(22) EQUITY

(a) Share Capital

	<u>2014</u>		<u>2013</u>	
	No of shares '000	HK\$'000	No of shares '000	HK\$'000
At 1 January	20,000	200,000	25,000	250,000
Share repurchase	-	-	(5,000)	(50,000)
Allotment of new shares	140,439	1,800,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2014 / 31 December 2013	160,439	2,000,000	20,000	200,000
	=====	=====	=====	=====

In January 2014, the Company increased its authorized share capital from HK\$500,000,000 to HK\$500,000,000 and RMB 4,000,000,000 by the creation of 400,000,000 shares of RMB10.00 each. Upon issuance, such new RMB shares are to rank pari passu as regards dividends and in all respects with the existing ordinary shares of the Company. The Company then issued 140,438,500 shares of RMB10.00 each to its holding company at par to strengthen its capital position.

Under the new Hong Kong Companies Ordinance (Cap. 622) (“New CO”) which has been effective since 3 March 2014, the concept of “authorized share capital” and “par value” no longer exists. The changes brought by the New CO do not have any impact on the number of shares in issue or the relative entitlement of any of the members.

(b) Nature and purpose of reserves

(i) Available-for-sale fair value reserve

This comprises the cumulative net change in the fair value of available-for-sale financial assets until the financial assets are derecognised and is dealt with in accordance with the accounting policies adopted for the measurement of the available-for-sale financial assets at fair value.

(ii) Retained profits/accumulated losses

The Company is required to maintain minimum capital adequacy ratio set by the HKMA. The aforesaid minimum capital requirement may therefore potentially restrict the amount of retained profits available for distribution to shareholders.

(iii) Regulatory reserve

Regulatory reserve is to be maintained in accordance with the Hong Kong Banking regulations. At 30 June 2014, a regulatory reserve of HK\$18,192,000 (2013: HK\$986,000) was maintained to fulfill the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movement in this reserve was made directly through retained profits after consultation with the HKMA. The regulatory reserve is non-distributable.

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(23) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives transactions entered into by the Group included foreign exchange forward and swap contracts. The Group used these derivatives in its own foreign exchange risk and assets and liabilities management, and also offered these products to customers to facilitate the management of their foreign exchange and other risks. Positions created from the contracts with customers were usually covered by the Company through offsetting transactions with external parties to minimize risk exposures.

(a) Notional amounts of derivatives

Derivatives refer to financial contracts, the value of which depends on the value of one or more underlying assets or indices. The notional amount of such instrument indicates the volume of the transaction and does not represent the amount at risk.

	Qualifying for hedge accounting \$'000	Managed in conjunction with financial instruments designated at fair value through profit or loss \$'000	Others, including held for trading \$'000	Total \$'000
At 30 June 2014				
Exchange rate contracts				
Spot, forwards and futures	-	-	250,884	250,884
Swaps	-	-	2,589,151	2,589,151
	<u>-</u>	<u>-</u>	<u>2,840,035</u>	<u>2,840,035</u>
	=====	=====	=====	=====
At 31 December 2013				
Exchange rate contracts				
Swaps	-	-	100,328	100,328
	<u>-</u>	<u>-</u>	<u>100,328</u>	<u>100,328</u>
	=====	=====	=====	=====

All these derivatives were having residual maturity of one year or less.

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(23) DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values and credit risk-weighted amounts of derivatives

Credit risk-weighted amount refers to the amount as computed in accordance with the Banking (Capital) Rules (the “Capital Rules”) and based on the status and the credit standing of the counterparty and the residual maturity of the transaction.

	Derivative financial assets \$'000	Derivative financial liabilities \$'000	Credit risk-weighted amount \$'000
At 30 June 2014			
Exchange rate contracts			
Spot, forwards and futures	653	623	1,643
Swaps	7,197	4,038	6,898
	<u>7,850</u>	<u>4,661</u>	<u>8,541</u>
At 31 December 2013			
Exchange rate contracts			
Swaps	-	302	201
	<u>-</u>	<u>302</u>	<u>201</u>

The Group had not enter into any bilateral netting agreement during the period and therefore these amounts were shown on a gross basis.

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)

(24) NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit/ (loss) before taxation to net cash outflow from the operating activities

	6 months ended 30 Jun 2014 HK\$'000	6 months ended 30 Jun 2013 HK\$'000
Profit/(loss) before taxation	7,561	(16,657)
Adjustments for:		
- Interest income	(105,998)	(458)
- Interest expense	48,643	9
- Net profit on sale of available-for-sale financial assets	(111)	-
- Depreciation of fixed assets	2,429	379
- Amortisation of intangible assets	916	132
- Impairment charges	5,527	232
- Interest received	76,413	423
- Interest paid	(25,102)	-
	<hr/>	<hr/>
Operating profit/(loss) before changes in working capital	10,278	(15,940)
Change in balances and placements with banks with original maturity beyond three months	(2,821,857)	-
Change in gross loans and advances to customers	(2,280,487)	(64,557)
Change in other assets	(15,971)	(2,727)
Change in deposits from banks	1,612,451	30,498
Change in deposits from customers	2,641,707	19,000
Change in amount due to parent company	-	8,246
Change in other liabilities	(2,857)	3,368
Elimination of exchange differences and other non-cash items	(3,482)	59
	<hr/>	<hr/>
Cash used in operating activities	(860,218)	(22,053)
Hong Kong profits tax paid	-	-
Withholding tax in the People's Republic of China paid	(3,785)	-
	<hr/>	<hr/>
Net cash outflow from operating activities	(864,003)	(22,053)
	<hr/> <hr/>	<hr/> <hr/>

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(24) NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Cash and cash equivalents in the consolidated statement of cash flows

	30 Jun 2014 HK\$'000	30 Jun 2013 HK\$'000
Cash and balances with banks	142,756	17,848
Placements with banks with original maturity within three months	1,507,098	150,000
	<u>1,649,854</u>	<u>167,848</u>

(c) Reconciliation with the consolidated statement of financial position

	30 Jun 2014 HK\$'000	30 Jun 2013 HK\$'000
Cash and balances with banks	142,756	17,848
Placements with banks	4,587,499	150,000
	<u>4,730,255</u>	<u>167,848</u>
Amounts shown in the consolidated statement of financial position	4,730,255	167,848
Less: Placements with banks with an original maturity beyond three months	3,080,401	-
	<u>1,649,854</u>	<u>167,848</u>

(25) CONTINGENT LIABILITIES AND COMMITMENTS

	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
Trade-related contingencies	27,299	1,007
Other commitments:		
- not unconditionally cancellable		
with an original maturity under one year	17,500	-
with an original maturity over one year	116,263	-
- unconditionally cancellable	529,418	54,649
	<u>690,480</u>	<u>55,656</u>
Credit risk weighted amount	<u>66,511</u>	<u>201</u>

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(26) FAIR VALUE OF FINANCIAL INSTRUMENT

(a) Financial assets and liabilities measured at fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: fair value measured using quoted market prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: fair value measured using valuation techniques based on observable inputs, either directly or indirectly. This category includes quoted prices in active markets for similar financial instruments, or quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: fair value measured using significant unobservable inputs. This category includes inputs to valuation techniques not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

Where available, the most suitable measure for fair value is the quoted market price. In the absence of organised secondary markets for most of the unlisted securities and over-the-counter derivatives, direct market prices of these financial instruments may not be available. The fair values of such instruments are therefore calculated based on established valuation techniques using current market parameters or market prices provided by counterparties.

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the reporting date.

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(26) FAIR VALUE OF FINANCIAL INSTRUMENT (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

The table below analyses financial instruments, measured at fair value as at 30 June 2014, by the level in the fair value hierarchy into which the fair value treatment is categorised:

At 30 June 2014

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Assets				
Available-for-sale financial assets	-	118,547	-	118,547
Derivative financial assets	-	7,850	-	7,850
	=====	=====	=====	=====
Liabilities				
Derivative financial liabilities	-	4,661	-	4,661
	=====	=====	=====	=====

At 31 December 2013

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Assets				
Available-for-sale financial assets	-	47,614	-	47,614
	=====	=====	=====	=====
Liabilities				
Derivative financial liabilities	-	302	-	302
	=====	=====	=====	=====

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS
(CONTINUED)**

(26) FAIR VALUE OF FINANCIAL INSTRUMENT (CONTINUED)

(b) Financial assets and liabilities not measured at fair value

Financial assets and liabilities that were presented not at their fair value on the consolidated statement of financial position mainly represented cash and balances with banks, placements with banks, and loans and advances to customers. These financial assets were measured at amortised cost less impairment. Financial liabilities not presented at their fair value on the consolidated statement of financial position mainly represented deposits from banks and deposits from customers. These financial liabilities were measured at amortised cost.

The Group assessed that the differences between the fair values and the carrying amounts of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair values were insignificant as most of the Group's financial assets and liabilities were either short-term or priced at floating rates.

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

SUPPLEMENTARY FINANCIAL INFORMATION

(1) OVERDUE AND RESCHEDULED ASSETS

As at 30 June 2014 and 31 December 2013, the Group had no overdue and rescheduled assets.

(2) CAPITAL ADEQUACY RATIO AND CAPITAL MANAGEMENT

(a) Capital ratio

The capital ratios as of 30 June 2014 and 31 December 2013 are as follows:

	30 Jun 2014	31 Dec 2013
Common Equity Tier 1("CET1") capital ratio	48.2%	23.3%
Tier 1 capital ratio	48.2%	23.3%
Total capital ratio	48.8%	23.5%

Capital adequacy ratios were computed in accordance with the Capital Rules issued by the HKMA. As at 31 December 2013, the capital adequacy ratio was calculated on a solo basis as the Company was a standalone entity. As at 30 June 2014, the capital adequacy ratio was again computed on a solo basis as the Company's only subsidiary has yet to commence business since its incorporation and will engage in non-relevant financial activity as defined in Part 2 of the Capital Rules. According to Part 3 of the Capital Rules, the Company's shareholding in the subsidiary was accounted for in the total risk weighted assets of the Company.

In calculating the risk-weighted assets, the Company has adopted the Standardised (Credit Risk) Approach on credit risk. For operational risk, the capital requirement is determined by using the Basic Indicator Approach. The Company is exempted under Section 22(1) of the Capital Rules from calculation of market risks in the capital adequacy assessment.

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(2) CAPITAL ADEQUACY RATIO AND CAPITAL MANAGEMENT (CONTINUED)

(b) Capital structure

The capital base after all required deductions for calculation of capital adequacy ratio purpose as of 30 June 2014 and 31 December 2013 are shown below:

	30 Jun 2014 HK\$'000	31 Dec 2013 HK\$'000
CET1 Capital		
Shareholder's equity	1,975,166	176,080
Regulatory deductions from CET1 capital		
- Deferred tax assets in excess of deferred tax liabilities	(3,853)	(5,881)
- Intangible assets	(5,688)	(5,711)
- Regulatory reserve	(18,192)	(986)
Total CET1 Capital	<u>1,947,433</u>	<u>163,502</u>
Additional Tier 1 ("AT1") Capital		
Total AT1 capital before regulatory deductions	-	-
Regulatory deductions from AT1 capital	-	-
Total AT1 Capital	<u>-</u>	<u>-</u>
Total Tier 1 ("T1") Capital	<u>1,947,433</u>	<u>163,502</u>
Tier 2 ("T2") Capital		
Total T2 capital before regulatory deductions		
- Collective provisions	6,085	558
- Regulatory reserve	18,192	986
Regulatory deductions from T2 capital	-	-
Total T2 capital	<u>24,277</u>	<u>1,544</u>
Total Capital	<u>1,971,710</u>	<u>165,046</u>

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(2) CAPITAL ADEQUACY RATIO AND CAPITAL MANAGEMENT (CONTINUED)

(c) Additional capital disclosures

The following items are included in the “Regulatory Disclosure” section in the Company’s website at www.bankofshanghai.com.hk :

- A detailed breakdown of the Group’s CET1 capital, AT1 capital, T2 capital and regulatory deductions, by following the standard template as specified by the HKMA.
- A full reconciliation between the Group’s CET1 capital, AT1 capital, T2 capital and regulatory deductions and the Group’s balance sheet in this interim financial information disclosure statements.
- A description of the main feature and full terms and conditions of the Company’s capital instruments.

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(3) LIQUIDITY RATIO

	30 Jun 2014	30 Jun 2013
Average liquidity ratio for the six-month period ended 30 June	241.1%	8,334,116.7%
	=====	=====

The average liquidity ratio for the six-month period represented the simple average of each calendar month's average liquidity ratio, which was computed on a "single company" basis as required by the HKMA for regulatory reporting purposes and was in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

(4) CROSS-BORDER CLAIMS

Cross-border 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 is transferred to the country of the guarantor. For a claim on the branch of a bank, the risk is transferred to the country where its head office is situated. Claims on individual countries or areas (after risk transfer as defined above) amounting to 10% or more of the aggregate cross-border claims are shown as follows:

	Banks HK\$'000	Others HK\$'000	Total HK\$'000
At 30 June 2014			
Asia Pacific excluding Hong Kong			
– China	3,387,137	1,876,302	5,263,439
	<u>3,387,137</u>	<u>1,876,302</u>	<u>5,263,439</u>
Western Europe			
– Spain	1,162,628	-	1,162,628
	<u>1,162,628</u>	<u>-</u>	<u>1,162,628</u>
At 31 December 2013			
Asia Pacific excluding Hong Kong			
– China	879,572	-	879,572
	<u>879,572</u>	<u>-</u>	<u>879,572</u>

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

**BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(5) NON-BANK MAINLAND EXPOSURES

The analysis of non-bank Mainland China exposures is based on the categories of non-bank counterparties and the types of direct exposures defined by the HKMA under the Disclosure Rules and also with reference to the HKMA Banking Return in respect of non-bank Mainland China exposures.

	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000
At 30 June 2014			
Mainland China entities	295,592	17,500	313,092
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	466,346	116,263	582,609
Other counterparties the exposure to whom are considered by the Bank to be non-bank Mainland exposures	280,958	-	280,958
	<u>1,042,896</u>	<u>133,763</u>	<u>1,176,659</u>
At 31 December 2013			
Mainland China entities	64,808	-	64,808
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	13,219	-	13,219
	<u>78,027</u>	<u>-</u>	<u>78,027</u>

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(6) CURRENCY CONCENTRATIONS

The Group had the following net foreign currency exposures by currencies which exceeded 10% of the net foreign currency exposure in all currencies:

	USD HK\$'000 HK\$ equivalent	EUR HK\$'000 HK\$ equivalent	CNY HK\$'000 HK\$ equivalent	Other Foreign currencies HK\$'000 HK\$ equivalent	Total foreign currencies HK\$'000 HK\$ equivalent
At 30 June 2014					
Spot assets	2,608,092	53,070	3,600,068	191	6,261,421
Spot liabilities	(2,496,699)	(25,603)	(4,415,855)	-	(6,938,157)
Forward purchases	1,002,758	-	1,825,399	-	2,828,157
Forward sales	(1,042,191)	-	(1,023,311)	-	(2,065,502)
Net long non-structural position	71,960	27,467	(13,699)	191	85,919
	=====	=====	=====	=====	=====
		USD HK\$'000 HK\$ equivalent	EUR HK\$'000 HK\$ equivalent	Other Foreign currencies HK\$'000 HK\$ equivalent	Total foreign currencies HK\$'000 HK\$ equivalent
At 31 December 2013					
Spot assets		48,873	104,625	956,704	1,110,202
Spot liabilities		(20,579)	(97,532)	(854,551)	(972,662)
Forward sales		-	-	(100,758)	(100,758)
Net long non-structural position		28,294	7,093	1,395	36,782
		=====	=====	=====	=====

As at 30 June 2014 and 31 December 2013, there was no net structural position.

BANK OF SHANGHAI (HONG KONG) LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(7) ANALYSIS OF GROSS LOANS AND ADVANCES TO CUSTOMERS BASED ON INTERNAL CLASSIFICATION USED BY THE GROUP

Gross loans and advances by industry sectors which constituted 10% or more of total gross loans and advances to customers, together with the respective impaired loans and advances, if any, and individually assessed and collectively assessed loan impairment allowances are shown as follows:

	<i>Gross loans and advances</i> \$'000	<i>Overdue loans and advances</i> \$'000	<i>Individually impaired loans and advances</i> \$'000	<i>Individually assessed loan impairment allowances</i> \$'000	<i>Collectively assessed loan impairment allowances</i> \$'000	<i>New impairment allowances</i> \$'000	<i>Loans and advances written off during the year</i> \$'000
At 30 June 2014							
Financial concerns	719,225	-	-	-	(1,245)	1,245	-
Wholesale and retail trade	660,048	-	-	-	(1,894)	1,578	-
Individuals	279,829	-	-	-	(1,007)	1,007	-
Logistics & Logistics Infrastructure	268,629	-	-	-	(977)	977	-
At 31 December 2013							
Wholesale and retail trade	87,355	-	-	-	(316)	316	-
Manufacturing	34,989	-	-	-	(126)	126	-
Electricity and gas	32,115	-	-	-	(116)	116	-