



BANK OF SHANGHAI (HONG KONG) LIMITED

**REGULATORY DISCLOSURES STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

Contents	Page(s)
Key Prudential Ratios	1
Overview of Risk-weighted amount	3
Leverage Ratio	5

This document contains Pillar 3 disclosures of Bank of Shanghai (Hong Kong) Limited (the “Bank”) relating to key prudential ratios, leverage ratio and risk-weighted amount (“RWA”) by risk types. The following disclosures are prepared in accordance with the Banking (Disclosure) Rules and standard disclosure templates promulgated by the Hong Kong Monetary Authority (the “HKMA”). The Bank is only required to calculate capital adequacy ratio and leverage ratio on an unconsolidated basis.

1 Key Prudential Ratios

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

	HK\$'000	As at 30 September 2019	As at 30 June 2019	As at 31 March 2019	As at 31 December 2018	As at 30 September 2018
Regulatory Capital (amount)						
1	Common Equity Tier 1 (CET1)	4,340,840	4,290,815	4,257,775	4,116,055	4,036,988
2	Tier 1	4,340,840	4,290,815	4,257,775	4,116,055	4,036,988
3	Total Capital	4,551,023	4,493,613	4,413,244	4,273,469	4,199,153
RWA (amount)						
4	Total RWA	21,877,841	19,912,970	19,573,401	19,416,477	18,527,606
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	19.8	21.5	21.8	21.2	21.8
6	Tier 1 ratio (%)	19.8	21.5	21.8	21.2	21.8
7	Total Capital ratio (%)	20.8	22.6	22.5	22.0	22.7
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500	2.500	2.500	1.875	1.875
9	Countercyclical capital buffer requirement (%)	0.941	0.921	0.876	0.737	0.700
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	–	–	–	–	–
11	Total AI-specific CET1 buffer requirements (%)	3.441	3.421	3.376	2.612	2.575
12	CET1 available after meeting the AI’s minimum capital requirements (%)	12.8	14.6	14.5	14.0	14.7
Basel III Leverage ratio						
13	Total Leverage ratio (LR) exposure measure	26,073,219	23,730,798	25,071,955	24,494,074	23,466,992
14	LR (%)	16.6	18.1	17.0	16.8	17.2

1 Key Prudential Ratios (continued)

HK\$'000		As at 30 September 2019	As at 30 June 2019	As at 31 March 2019	As at 31 December 2018	As at 30 September 2018
	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 (%)	55.2	56.6	74.2	72.3	55.2
	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 (%)	112.9	110.8	115.1	115.1	108.3

2 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):

HK\$'000		(a)	(b)	(c)	
		RWA			Minimum capital requirements
		As at 30 September 2019	As at 30 June 2019	As at 30 September 2019	
1	Credit risk for non-securitization exposures	18,760,453	16,791,866	1,500,836	
2	Of which STC approach	18,760,453	16,791,866	1,500,836	
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	37,315	37,315	2,985	
7	Of which SA-CCR*	NA	NA	NA	
7a	Of which CEM	34,315	37,315	2,745	
8	Of which IMM(CCR) approach	–	–	–	
9	Of which others	3,000	–	240	
10	CVA risk	31,688	33,200	2,535	
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	–	–	–	
19	Of which SEC-SA	–	–	–	
19a	Of which SEC-FBA	–	–	–	
20	Market risk	1,015,150	1,039,338	81,212	
21	Of which STM approach	1,015,150	1,039,338	81,212	
22	Of which IMM approach	–	–	–	

2 Overview of Risk-weighted amount (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
HK\$'000		As at 30 September 2019	As at 30 June 2019	As at 30 September 2019
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	867,775	857,988	69,422
24a	Sovereign concentration risk*	NA	NA	NA
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,165,460	1,153,263	93,237
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	21,877,841	19,912,970	1,750,227

Total RWA increased mainly attributable to increase in RWA for credit risk, which was driven by the increase in corporate exposures as the Bank increased the balance sheet size during the quarter.

3 Leverage Ratio

		As at 30 September 2019 HK\$'000	As at 30 June 2019 HK\$'000
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	26,182,383	23,991,286
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(356,974)	(356,445)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	25,825,409	23,634,841
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	30,450	23,005
5	Add-on amounts for PFE associated with all derivatives contracts	48,540	78,499
6	Gross-up for derivatives collateral provided 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	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivatives contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives	-	-
11	Total exposures arising from derivative contracts	78,990	101,504
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	148,951	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	15,001	-
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	163,952	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	1,903,069	1,466,725
18	Less: Adjustments for conversion to credit equivalent amounts	(1,635,574)	(1,233,850)
19	Off-balance sheet items	267,495	232,875
Capital and total exposures			
20	Tier 1 capital	4,340,840	4,290,815
20a	Total exposures before adjustments for specific and collective provisions	26,335,846	23,969,220
20b	Adjustments for specific and collective provisions	(262,627)	(238,422)
21	Total exposures after adjustments for specific and collective provisions	26,073,219	23,730,798
Leverage ratio			
22	Leverage ratio	16.6%	18.1%

Leverage ratio decreased as the Bank increased the balance sheet size during the quarter.