



BANK OF SHANGHAI (HONG KONG) LIMITED

**REGULATORY DISCLOSURE STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

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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”).

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.

1 Key Prudential Ratios

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

	HK\$'000	As at	As at	As at	As at	As at
		30 September 2022	30 June 2022	31 March 2022	31 December 2021	30 September 2021
		Consolidated	Unconsolidated	Unconsolidated	Unconsolidated	Unconsolidated
		Regulatory Capital (amount)				
1	Common Equity Tier 1 (CET1)	3,660,441	4,399,679	4,433,967	4,502,565	4,605,111
2	Tier 1	3,660,441	4,399,679	4,433,967	4,502,565	4,605,111
3	Total Capital	3,947,831	4,630,699	4,674,835	4,714,761	4,872,279
		RWA (amount)				
4	Total RWA	25,836,485	23,252,949	25,244,407	24,353,014	24,695,024
		Risk-based regulatory capital ratios (as a percentage of RWA)				
5	CET1 ratio (%)	14.2	18.9	17.6	18.5	18.6
6	Tier 1 ratio (%)	14.2	18.9	17.6	18.5	18.6
7	Total Capital ratio (%)	15.3	19.9	18.5	19.4	19.7
		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 (%)	0.400	0.529	0.509	0.478	0.481
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	–	–	–	–	–
11	Total AI-specific CET1 buffer requirements (%)	2.900	3.029	3.009	2.978	2.981
12	CET1 available after meeting the AI’s minimum capital requirements (%)	7.3	11.9	10.5	11.4	11.7
		Basel III Leverage ratio				
13	Total Leverage ratio (LR) exposure measure	32,640,293	31,886,711	33,579,546	31,105,698	31,093,077
14	LR (%)	11.2	13.8	13.2	14.5	14.8

1 Key Prudential Ratios (continued)

HK\$'000		As at 30 September 2022	As at 30 June 2022	As at 31 March 2022	As at 31 December 2021	As at 30 September 2021
		Consolidated	Unconsolidated	Unconsolidated	Unconsolidated	Unconsolidated
	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 (%)	132.2	127.9	143.2	107.8	109.7
	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 (%)	137.0	123.4	107.3	112.2	114.9

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):

		(a)	(b)	(c)
		RWA		Minimum capital requirements
HK\$'000		As at 30 September 2022	As at 30 June 2022	As at 30 September 2022
		Consolidated	Unconsolidated	Consolidated
1	Credit risk for non-securitization exposures	22,917,492	19,769,696	1,833,399
2	Of which STC approach	22,917,492	19,769,696	1,833,399
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	73,680	53,577	5,894
7	Of which SA-CCR approach	73,680	53,577	5,894
7a	Of which CEM	–	–	–
8	Of which IMM(CCR) approach	–	–	–
9	Of which others	–	–	–
10	CVA risk	35,663	43,313	2,853
11	Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–
12	Collective investment scheme (“CIS”) exposures – LTA	NA	NA	NA
13	CIS exposures – MBA	NA	NA	NA
14	CIS exposures – FBA	NA	NA	NA
14a	CIS exposures – combination of approaches	NA	NA	NA
15	Settlement risk	–	–	–
16	Securitization exposures in banking book	–	–	–
17	Of which SEC-IRBA	–	–	–
18	Of which SEC-ERBA (including IAA)	–	–	–
19	Of which SEC-SA	–	–	–
19a	Of which SEC-FBA	–	–	–
20	Market risk	1,010,525	1,163,738	80,842
21	Of which STM approach	1,010,525	1,163,738	80,842
22	Of which IMM approach	–	–	–

2 Overview of Risk-weighted amount (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 September 2022	As at 30 June 2022	As at 30 September 2022
HK\$'000		Consolidated	Unconsolidated	Consolidated
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	1,799,125	1,041,600	143,930
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	–	1,181,025	–
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	25,836,485	23,252,949	2,066,918

Total RWA increase was mainly attributable to change in consolidation scope from unconsolidated basis to consolidated basis with effect from 1 July 2022.

3 Leverage Ratio

		As at 30 September 2022 HK\$'000	As at 30 June 2022 HK\$'000
		Consolidated	Unconsolidated
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	33,167,761	31,809,956
2	Less: Asset amounts deducted in determining Tier 1 capital	(361,263)	(386,135)
3	Total on-balance sheet exposures (excluding derivatives contracts and SFTs)	32,806,498	31,423,821
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)	83,262	30,747
5	Add-on amounts for PFE associated with all derivatives contracts	133,385	119,129
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	(216,647)	(69,656)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivatives contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivatives contracts	-	-
11	Total exposures arising from derivative contracts	-	80,220
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	5,010,465	6,093,594
18	Less: Adjustments for conversion to credit equivalent amounts	(4,308,191)	(5,263,649)
19	Off-balance sheet items	702,274	829,945
Capital and total exposures			
20	Tier 1 capital	3,660,441	4,399,679
20a	Total exposures before adjustments for specific and collective provisions	33,508,772	32,333,986
20b	Adjustments for specific and collective provisions	(868,479)	(447,275)
21	Total exposures after adjustments for specific and collective provisions	32,640,293	31,886,711
Leverage ratio			
22	Leverage ratio	11.2%	13.8%

The decrease in leverage ratio was mainly attributable to change in consolidation scope from unconsolidated basis to consolidated basis with effect from 1 July 2022.