

Bank of Shanghai (Hong Kong)
Limited

Regulatory Disclosures
for the quarter ended 30 September 2017

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This document contains Pillar 3 disclosures of Bank of Shanghai (Hong Kong) Limited (the “Company”) relating to capital adequacy 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 Company is only required to calculate capital adequacy ratio and leverage ratio on an unconsolidated basis.

1 Capital adequacy ratios

The capital adequacy ratios were calculated in accordance with the Banking (Capital) Rules issued by the HKMA.

	<i>30 September</i> 2017 %	<i>30 June</i> 2017 %	<i>31 December</i> 2016 %
Capital adequacy ratios			
Common Equity Tier 1	24.5	24.6	30.0
Tier 1	24.5	24.6	30.0
Total	<u>25.3</u>	<u>25.4</u>	<u>30.9</u>
	<i>30 September</i> 2017 HK\$'000	<i>30 June</i> 2017 HK\$'000	<i>31 December</i> 2016 HK\$'000
Capital			
Common Equity Tier 1	3,900,237	3,832,663	4,121,288
Tier 1	3,900,237	3,832,663	4,121,288
Total	<u>4,024,904</u>	<u>3,965,931</u>	<u>4,249,435</u>
Total RWA	<u>15,923,931</u>	<u>15,609,691</u>	<u>13,733,301</u>

2 Leverage Ratio

The Leverage Ratios were computed in accordance with the Leverage Ratio Framework issued by the HKMA.

	30 September 2017 HK\$'000	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Tier 1 capital	3,900,237	3,832,663	4,121,288
Exposure measure	24,305,928	22,706,910	21,390,754
Leverage Ratio	<u>16.1</u>	<u>16.9</u>	<u>19.3</u>

3 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):

		RWA		Minimum capital requirements
		30 September 2017	30 June 2017	30 September 2017
		HK\$ '000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	13,271,631	13,078,652	1,061,730
2	Of which STC approach	13,271,631	13,078,652	1,061,730
4	Counterparty credit risk	42,020	6,443	3,362
5a	Of which CEM	18,682	4,080	1,495
16	Market risk	961,338	933,488	76,907
17	Of which STM approach	961,338	933,488	76,907
19	Operational risk	585,188	542,713	46,815
20	Of which BIA approach	585,188	542,713	46,815
23	Amounts below the thresholds for deduction (subject to 250% RW)	1,063,754	1,048,395	85,100
25	Total	15,923,931	15,609,691	1,273,914

In calculating the risk-weighted amount, 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.

Total RWA increased mainly attributable to increase in RWA for credit risk, which was driven by the increase in placement with banks during the quarter.