



BANK OF SHANGHAI (HONG KONG) LIMITED

**REGULATORY DISCLOSURES STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2021**

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 31 March 2021	As at 31 December 2020	As at 30 September 2020	As at 30 June 2020	As at 31 March 2020
Regulatory Capital (amount)						
1	Common Equity Tier 1 (CET1)	4,587,428	4,465,317	4,502,677	4,468,116	4,450,629
2	Tier 1	4,587,428	4,465,317	4,502,677	4,468,116	4,450,629
3	Total Capital	4,790,542	4,711,522	4,748,816	4,667,587	4,647,946
RWA (amount)						
4	Total RWA	25,307,458	25,143,135	25,906,784	23,873,089	24,301,000
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	18.1	17.8	17.4	18.7	18.3
6	Tier 1 ratio (%)	18.1	17.8	17.4	18.7	18.3
7	Total Capital ratio (%)	18.9	18.7	18.3	19.6	19.1
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 (%)	0.433	0.472	0.443	0.432	0.425
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	–	–	–	–	–
11	Total AI-specific CET1 buffer requirements (%)	2.933	2.972	2.943	2.932	2.925
12	CET1 available after meeting the AI’s minimum capital requirements (%)	10.9	10.7	10.3	11.6	11.1
Basel III Leverage ratio						
13	Total Leverage ratio (LR) exposure measure	30,842,619	29,162,128	29,413,775	28,849,625	31,103,401
14	LR (%)	14.9	15.3	15.3	15.5	14.3

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):

		(a)	(b)	(c)
		RWA		Minimum capital requirements
HK\$'000		As at 31 March 2021	As at 31 December 2020	As at 31 March 2021
1	Credit risk for non-securitization exposures	22,205,661	22,107,230	1,776,453
2	Of which STC approach	22,205,661	22,107,230	1,776,453
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	57,253	51,532	4,580
7	Of which SA-CCR	NA	NA	NA
7a	Of which CEM	57,253	51,532	4,580
8	Of which IMM(CCR) approach	–	–	–
9	Of which others	–	–	–
10	CVA risk	36,263	29,113	2,901
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	832,775	791,525	66,622
21	Of which STM approach	832,775	791,525	66,622
22	Of which IMM approach	–	–	–

2 Overview of Risk-weighted amount (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 31 March 2021	As at 31 December 2020	As at 31 March 2021
HK\$'000				
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	953,963	970,775	76,317
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,221,543	1,192,960	97,723
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	25,307,458	25,143,135	2,024,596

Total RWA increased mainly attributable to increase in RWA for credit risk, which was driven by the increase in corporate and bank exposures as the Bank increased the balance sheet size during the quarter. The increase in net FX position also contributes to the increase in RWA for market risk.

3 Leverage Ratio

		As at 31 March 2021 HK\$'000	As at 31 December 2020 HK\$'000
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	31,031,004	29,537,670
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(352,267)	(349,746)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	30,678,737	29,187,924
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)	73,500	46,471
5	Add-on amounts for PFE associated with all derivatives contracts	61,628	53,591
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	135,128	100,062
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	3,692,750	2,837,127
18	Less: Adjustments for conversion to credit equivalent amounts	(3,215,161)	(2,458,014)
19	Off-balance sheet items	477,589	379,113
Capital and total exposures			
20	Tier 1 capital	4,587,428	4,465,317
20a	Total exposures before adjustments for specific and collective provisions	31,291,454	29,667,099
20b	Adjustments for specific and collective provisions	(448,835)	(504,971)
21	Total exposures after adjustments for specific and collective provisions	30,842,619	29,162,128
Leverage ratio			
22	Leverage ratio	14.9%	15.3%

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