



BANK OF SHANGHAI (HONG KONG) LIMITED

**REGULATORY DISCLOSURES STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2019**

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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”). 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 2019	As at 31 December 2018	As at 30 September 2018	As at 30 June 2018	As at 31 March 2018
Regulatory Capital (amount)						
1	Common Equity Tier 1 (CET1)	4,257,775	4,116,055	4,036,988	3,989,052	4,012,509
2	Tier 1	4,257,775	4,116,055	4,036,988	3,989,052	4,012,509
3	Total Capital	4,413,244	4,273,469	4,199,153	4,149,736	4,178,967
RWA (amount)						
4	Total RWA	19,573,401	19,416,477	18,527,606	16,471,672	17,585,483
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	21.8	21.2	21.8	24.2	22.8
6	Tier 1 ratio (%)	21.8	21.2	21.8	24.2	22.8
7	Total Capital ratio (%)	22.5	22.0	22.7	25.2	23.8
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500	1.875	1.875	1.875	1.875
9	Countercyclical capital buffer requirement (%)	0.876	0.737	0.700	0.765	0.732
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	–	–	–	–	–
11	Total AI-specific CET1 buffer requirements (%)	3.376	2.612	2.575	2.640	2.607
12	CET1 available after meeting the AI’s minimum capital requirements (%)	14.5	14.0	14.7	17.2	15.8
Basel III Leverage ratio						
13	Total Leverage ratio (LR) exposure measure	25,071,955	24,494,074	23,466,992	21,319,696	24,349,456
14	LR (%)	17.0	16.8	17.2	18.7	16.5

1 Key Prudential Ratios (continued)

HK\$'000		As at 31 March 2019	As at 31 December 2018	As at 30 September 2018	As at 30 June 2018	As at 31 March 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 (%)	74.2	72.3	55.2	55.6	55.1
	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 (%)	115.1	115.1	108.3	105.8	105.5

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
		As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	
	HK\$'000				
1	Credit risk for non-securitization exposures	16,539,583	16,430,377	1,323,167	
2	Of which STC approach	16,539,583	16,430,377	1,323,167	
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	47,377	38,149	3,790	
7	Of which SA-CCR*	NA	NA	NA	
7a	Of which CEM	41,236	38,149	3,299	
8	Of which IMM(CCR) approach	–	–	–	
9	Of which others	6,141	–	491	
10	CVA risk	37,175	47,600	2,974	
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	972,863	979,838	77,829	
21	Of which STM approach	972,863	979,838	77,829	
22	Of which IMM approach	–	–	–	

2 Overview of Risk-weighted amount (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
HK\$'000		As at 31 March 2019	As at 31 December 2018	As at 31 March 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	830,475	806,700	66,438
24a	Sovereign concentration risk*	NA	NA	NA
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,145,928	1,113,813	91,674
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	19,573,401	19,416,477	1,565,872

Total RWA remained stable during the quarter.

3 Leverage Ratio

		As at 31 March 2019 HK\$'000	As at 31 December 2018 HK\$'000
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	25,102,225	24,727,466
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(361,646)	(382,984)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	24,740,579	24,344,482
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)	26,886	32,787
5	Add-on amounts for PFE associated with all derivatives contracts	79,667	97,420
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	106,553	130,207
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	117,965	–
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	12,281	–
15	Agent transaction exposures	–	–
16	Total exposures arising from SFTs	130,246	–
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	1,391,955	1,964,901
18	Less: Adjustments for conversion to credit equivalent amounts	(1,109,985)	(1,650,981)
19	Off-balance sheet items	281,970	313,920
Capital and total exposures			
20	Tier 1 capital	4,257,775	4,116,055
20a	Total exposures before adjustments for specific and collective provisions	25,259,348	24,788,609
20b	Adjustments for specific and collective provisions	(187,393)	(294,535)
21	Total exposures after adjustments for specific and collective provisions	25,071,955	24,494,074
Leverage ratio			
22	Leverage ratio	17.0%	16.8%