

Bank of Shanghai (Hong Kong) Limited
Leverage Ratio Disclosures as at 30 June 2016
(Expressed in thousands of Hong Kong dollars)

The following tables set out the detailed composition of the Group's leverage ratio and provide reconciliation between the leverage exposure measure and the consolidated assets of the published financial statements using the Leverage Ratio Common Disclosures and Summary Comparison Table Templates respectively as specified by the HKMA.

Part 1 - Detailed composition of the Group's leverage ratio using the Leverage Ratio Common Disclosures Template

Item	Leverage ratio framework as at 30 June 2016	Leverage ratio framework as at 31 December 2015
On-balance sheet exposures		
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	17,739,185	15,524,094
2 Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	(81,073)	(65,593)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	17,658,112	15,458,501
Derivative exposures		
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	5,948	9,690
5 Add-on amounts for PFE associated with all derivatives transactions	13,600	8,810
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7 Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions (reported as negative amounts)	-	-
8 Less: Exempted CCP leg of client-cleared trade exposures (reported as negative amounts)	-	-
9 Adjusted effective notional amount of written credit derivatives	-	-
10 Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives (reported as negative amounts)	-	-
11 Total derivative exposures (sum of lines 4 to 10)	19,548	18,500
Securities financing transaction exposures		
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 (reported as negative amounts)	-	-
14 CCR exposure for SFT assets	-	-
15 Agent transaction exposures	-	-
16 Total securities financing transaction exposures (sum of lines 12 to 15)	-	-
Other off-balance sheet exposures		
17 Off-balance sheet exposure at gross notional amount	2,005,829	2,250,484
18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(1,538,333)	(1,774,322)
19 Off-balance sheet items (sum of lines 17 and 18)	467,496	476,162
Capital and total exposures		
20 Tier 1 capital	2,501,477	2,041,456
21 Total exposures (sum of lines 3, 11, 16 and 19)	18,145,156	15,953,163
Leverage ratio		
22 Basel III leverage ratio	13.79%	12.80%

The increase in the Group's leverage ratio from 31 December 2015 to 30 June 2016 was mainly attributed to the increase in total exposures from loans and advances to customers.

Part 2 - Reconciliation between the leverage exposure measure and the consolidated assets of the published financial statements

Item	Leverage ratio framework as at 30 June 2016	Leverage ratio framework as at 31 December 2015
1 Total consolidated assets as per published financial statements	17,699,099	15,462,263
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	90,000	92,655
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4 Adjustments for derivative financial instruments	13,600	8,810
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	467,496	476,162
7 Other adjustments	(125,039)	(86,727)
8 Leverage ratio exposure	18,145,156	15,953,163

For other adjustments, amount mainly represents the regulatory deductions of regulatory reserve to Tier 1 capital under the leverage ratio framework.