

Bank of Shanghai (Hong Kong)
Limited

Regulatory Disclosures
for the quarter ended 31 March 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 issued 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 as at 31 March 2017 and 31 December 2016 were compiled in according with the Banking (Capital) Rules issued by the HKMA.

	<i>31 March 2017</i>	<i>31 December 2016</i>
	%	%
Capital adequacy ratios		
Common Equity Tier 1	27.6	30.0
Tier 1	27.6	30.0
Total	<u>28.5</u>	<u>30.9</u>
	<i>31 March 2017</i>	<i>31 December 2016</i>
	HK\$'000	HK\$'000
Capital		
Common Equity Tier 1	4,216,778	4,121,288
Tier 1	4,216,778	4,121,288
Total	4,354,102	4,249,435
Total RWA	<u>15,283,674</u>	<u>13,733,301</u>

2 Leverage Ratio

The Leverage Ratio as at 31 March 2017 and 31 December 2016 was computed in accordance with the Leverage Ratio Framework document issued by the HKMA.

	31 March 2017 %	31 December 2016 %
Leverage Ratio	<u>17.0</u>	<u>19.3</u>

	31 March 2017 HK\$'000	31 December 2016 HK\$'000
Tier 1 capital	4,216,778	4,121,288
Exposure measure	<u>24,815,826</u>	<u>21,390,754</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
		31 March 2017	31 December 2016	31 March 2017
		HK\$ '000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	13,496,423	12,046,734	1,079,714
2	Of which STC approach	13,496,423	12,046,734	1,079,714
2a	Of which BSC approach	-	-	-
3	Of which IRB approach	-	-	-
4	Counterparty credit risk	5,326	8,959	426
5	Of which SA-CCR	-	-	-
5a	Of which CEM	3,401	5,096	272
6	Of which IMM(CCR) approach	-	-	-
7	Equity exposures in banking book under the market-based approach	-	-	-
8	CIS exposures – LTA	-	-	-
9	CIS exposures – MBA	-	-	-
10	CIS exposures – FBA	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB(S) approach – ratings-based method	-	-	-
14	Of which IRB(S) approach – supervisory formula method	-	-	-
15	Of which STC(S) approach	-	-	-
16	Market risk	983,250	1,000,200	78,660
17	Of which STM approach	983,250	1,000,200	78,660
18	Of which IMM approach	-	-	-
19	Operational risk	491,525	399,738	39,322

		RWA		Minimum capital requirements
		31 March 2017	31 December 2016	31 March 2017
		HK\$ '000	HK\$'000	HK\$'000
20	Of which BIA approach	491,525	399,738	39,322
21	Of which STO approach	-	-	-
21a	Of which ASA approach	-	-	-
22	Of which AMA approach	N/A	N/A	N/A
23	Amounts below the thresholds for deduction (subject to 250% RW)	307,150	277,670	24,572
24	Capital floor adjustment	-	-	-
24a	Deduction to RWA	-	-	-
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
24c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
25	Total	15,283,674	13,733,301	1,222,694

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 and loans and advances to customers during the quarter.