



BANK OF SHANGHAI (HONG KONG) LIMITED

**REGULATORY DISCLOSURES STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

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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 30 September 2020	As at 30 June 2020	As at 31 March 2020	As at 31 December 2019	As at 30 September 2019
Regulatory Capital (amount)						
1	Common Equity Tier 1 (CET1)	4,502,677	4,468,116	4,450,629	4,428,235	4,340,840
2	Tier 1	4,502,677	4,468,116	4,450,629	4,428,235	4,340,840
3	Total Capital	4,748,816	4,667,587	4,647,946	4,617,876	4,551,023
RWA (amount)						
4	Total RWA	25,906,784	23,873,089	24,301,000	22,275,177	21,877,841
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	17.4	18.7	18.3	19.9	19.8
6	Tier 1 ratio (%)	17.4	18.7	18.3	19.9	19.8
7	Total Capital ratio (%)	18.3	19.6	19.1	20.7	20.8
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 (%)	0.443	0.432	0.425	0.859	0.941
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	–	–	–	–	–
11	Total AI-specific CET1 buffer requirements (%)	2.943	2.932	2.925	3.359	3.441
12	CET1 available after meeting the AI’s minimum capital requirements (%)	10.3	11.6	11.1	12.7	12.8
Basel III Leverage ratio						
13	Total Leverage ratio (LR) exposure measure	29,413,775	28,849,625	31,103,401	28,657,661	26,073,219
14	LR (%)	15.3	15.5	14.3	15.5	16.6

1 Key Prudential Ratios (continued)

HK\$'000		As at 30 September 2020	As at 30 June 2020	As at 31 March 2020	As at 31 December 2019	As at 30 September 2019
	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 (%)	70.1	65.8	55.7	51.6	55.2
	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 (%)	125.7	112.5	119.3	109.6	112.9

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 30 September 2020	As at 30 June 2020	As at 30 September 2020
1	Credit risk for non-securitization exposures	22,775,494	20,941,933	1,822,040
2	Of which STC approach	22,775,494	20,941,933	1,822,040
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	61,819	44,551	4,946
7	Of which SA-CCR	NA	NA	NA
7a	Of which CEM	61,819	44,551	4,946
8	Of which IMM(CCR) approach	–	–	–
9	Of which others	–	–	–
10	CVA risk	37,450	41,100	2,996
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	897,950	746,725	71,836
21	Of which STM approach	897,950	746,725	71,836
22	Of which IMM approach	–	–	–

2 Overview of Risk-weighted amount (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 September 2020	As at 30 June 2020	As at 30 September 2020
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	932,113	902,975	74,569
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,201,958	1,195,805	96,157
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	25,906,784	23,873,089	2,072,544

Total RWA increased mainly attributable to increase in RWA for credit risk, which was driven by the increase in corporate 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 30 September 2020 HK\$'000	As at 30 June 2020 HK\$'000
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	29,830,779	29,179,404
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(341,337)	(345,203)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	29,489,442	28,834,201
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)	58,256	37,888
5	Add-on amounts for PFE associated with all derivatives contracts	66,874	87,484
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	125,130	125,372
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	2,799,384	2,192,724
18	Less: Adjustments for conversion to credit equivalent amounts	(2,451,163)	(1,873,475)
19	Off-balance sheet items	348,221	319,249
Capital and total exposures			
20	Tier 1 capital	4,502,677	4,468,116
20a	Total exposures before adjustments for specific and collective provisions	29,962,793	29,278,822
20b	Adjustments for specific and collective provisions	(549,018)	(429,197)
21	Total exposures after adjustments for specific and collective provisions	29,413,775	28,849,625
Leverage ratio			
22	Leverage ratio	15.3%	15.5%

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