## Bank of Shanghai (Hong Kong) Limited Leverage Ratio Disclosures as at 31 December 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

2 Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)  2 Look.  3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)  2 Look.  Derivative exposures  4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)  2 Add-on amounts for PFE associated with all derivatives transactions  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)  12 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  1	art 7 D	etailed composition of the Group's leverage ratio using the Leverage Ratio Common Disclosures Template  Item	Leverage ratio framework as at 31 December 2016	
2 Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)  2 (10.6.)  3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)  2 (1,006.)  Derivative exposures  4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)  2 (1,006.)  5 Add-on amounts for PFE associated with all derivatives transactions  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)  12 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 (reported as negative amounts)  1 (1,161.4)  10 Off-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Tier 1 capital  4,121,  10 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio		On-balance sheet exposures		
Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)  21,006,  Derivative exposures  4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)  2,3  Add-on amounts for PFE associated with all derivatives transactions  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)  12 Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions  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 exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  10 GH-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Ter 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	21,113,249	
Perivative exposures	2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	(106,576)	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)  2,6 5 Add-on amounts for PFE associated with all derivatives transactions  14,5 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)  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 exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  19 Off-balance sheet exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  10 Off-balance sheet exposures (sum of lines 17 and 18)  11 Off-balance sheet exposures (sum of lines 17 and 18)  12 Capital and total exposures  13 Capital and total exposures  14 Capital and total exposures  15 Leverage ratio	3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	21,006,673	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)  2,6 5 Add-on amounts for PFE associated with all derivatives transactions  14,5 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)  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 exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  19 Off-balance sheet exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  10 Off-balance sheet exposures (sum of lines 17 and 18)  11 Off-balance sheet exposures (sum of lines 17 and 18)  12 Capital and total exposures  13 Capital and total exposures  14 Capital and total exposures  15 Leverage ratio	Derivative exposures			
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)  5 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 exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  17 Off-balance sheet items (sum of lines 17 and 18)  366,  Capital and total exposures  20 Tier 1 capital  4,121,  17 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	4		2,863	
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)  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 exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  1,527,  20 Tier 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	5	Add-on amounts for PFE associated with all derivatives transactions	14,929	
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)  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)  Cher off-balance sheet exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  1,527,  17 Total exposures (sum of lines 17 and 18)  20 Tier 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio			-	
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)  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 exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  1 (1,161,6 1)  Off-balance sheet items (sum of lines 17 and 18)  3 (2)  Capital and total exposures  20 Tier 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	7		-	
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)  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 exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,6)  Off-balance sheet items (sum of lines 17 and 18)  366,  Capital and total exposures  20 Tier 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	8	Less: Exempted CCP leg of client-cleared trade exposures (reported as negative amounts)	-	
11 Total derivative exposures (sum of lines 4 to 10)  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 exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,61,61,61,61,61,61,61,61,61,61,61,6	9	Adjusted effective notional amount of written credit derivatives	-	
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  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,61,61,61)  Capital and total exposures  Capital and total exposures  17 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives (reported as negative amounts)	-	
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  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,61,19)  Off-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Tier 1 capital  1,70tal exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	11	Total derivative exposures (sum of lines 4 to 10)	17,792	
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  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,61,19)  Off-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Tier 1 capital  1,70tal exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio		Securities financing transaction exposures		
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  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,0  Off-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Tier 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	12		-	
Agent transaction exposures  16 Total securities financing transaction exposures (sum of lines 12 to 15)  Cother off-balance sheet exposures  17 Off-balance sheet exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,61,61,61,61)  (1,161,61,61)  (1,161,61)  (1,	13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets (reported as negative amounts)	-	
Other off-balance sheet exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,  19 Off-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Tier 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	14	CCR exposure for SFT assets	-	
Other off-balance sheet exposures  17 Off-balance sheet exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,0  19 Off-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Tier 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	15	Agent transaction exposures	-	
17 Off-balance sheet exposure at gross notional amount  1,527,  18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,  19 Off-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Tier 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	16	Total securities financing transaction exposures (sum of lines 12 to 15)	-	
18 Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)  (1,161,0  19 Off-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Tier 1 capital  4,121,  21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio		Other off-balance sheet exposures		
19 Off-balance sheet items (sum of lines 17 and 18)  Capital and total exposures  20 Tier 1 capital	17	Off-balance sheet exposure at gross notional amount	1,527,343	
Capital and total exposures   4,121,	18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(1,161,054)	
20   Tier 1 capital   4,121,   21   Total exposures (sum of lines 3, 11, 16 and 19)   21,390,   Leverage ratio	19	Off-balance sheet items (sum of lines 17 and 18)	366,289	
21 Total exposures (sum of lines 3, 11, 16 and 19)  Leverage ratio	Capital and total exposures			
Leverage ratio	20	Tier 1 capital	4,121,288	
	21	Total exposures (sum of lines 3, 11, 16 and 19)	21,390,754	
	Leverage ratio			
	22		19.27%	

The increase in the Group's leverage ratio from 31 December 2015 to 31 December 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

	ltem	Leverage ratio framework as at 31 December 2016
1	Total consolidated assets as per published financial statements	21,057,691
	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
	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	14,929
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)	366,289
7	Other adjustments	(138,155)
8	Leverage ratio exposure	21,390,754

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