

SCOTIABANK (HONG KONG) LIMITED

Regulatory Disclosures

for the quarter ended July 31, 2019

(unaudited)

Template KM1: Key prudential ratios

The table below provides an overview of key prudential ratios:

		(a)	(b)	(c)	(d)	(e)
		31-Jul-19	30-Apr-19	31-Jan-19	31-Oct-18	31-Jul-18
HKD'000						
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	5,394,049	5,362,010	5,453,413	5,423,736	5,391,664
2	Tier 1	5,394,049	5,362,010	5,453,413	5,423,736	5,391,664
3	Total capital	5,395,681	5,363,985	5,456,319	5,426,211	5,394,776
RWA (amount)						
4	Total RWA	11,291,228	12,296,000	11,997,722	13,010,466	11,733,775
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	47.77%	43.61%	45.45%	41.69%	45.95%
6	Tier 1 ratio (%)	47.77%	43.61%	45.45%	41.69%	45.95%
7	Total capital ratio (%)	47.79%	43.62%	45.48%	41.71%	45.98%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	1.88%	1.88%
9	Countercyclical capital buffer requirement (%)	2.20%	2.06%	2.22%	1.55%	1.65%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	NA	NA	NA	NA	NA
11	Total AI-specific CET1 buffer requirements (%)	4.70%	4.56%	4.72%	3.43%	3.53%
12	CET1 available after meeting the AI's minimum capital requirements (%)	38.57%	34.55%	36.23%	33.76%	37.92%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	16,559,959	17,772,717	17,311,655	18,873,259	16,935,053
14	LR (%)	32.57%	30.17%	31.50%	28.74%	31.84%
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 (%)	58.13%	51.24%	53.88%	46.35%	51.23%
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 (%)	102.38%	97.80%	98.14%	99.26%	99.98%

Template OV1: Overview of Risk Weighted Assets

The table below provides an overview of capital requirements in terms of a detailed breakdowns of RWAs for various risks:

		(a)	(b)	(c)
		RWA		Minimum capital requirements
	HKD'000	31-Jul-19	30-Apr-19	31-Jul-19
1	Credit risk for non-securitization exposures	10,888,040	11,861,475	871,043
2	Of which STC approach	10,888,040	11,861,475	871,043
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	-	-	-
7	Of which SA-CCR*	-	-	-
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	-	-	-
13	CIS exposures – MBA*	-	-	-
14	CIS exposures – FBA*	-	-	-
14a	CIS exposures – combination of approaches*	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	-	-	-
21	Of which STM approach	-	-	-
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	-	-	-
24	Operational risk	403,188	434,525	32,255
24a	Sovereign concentration risk*	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
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	11,291,228	12,296,000	903,298

Point to note:
(i) Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" should be reported in the rows.

Template LR2: Leverage ratio ("LR")

The below table provides a detailed breakdown of the components of the LR denominator:

		(a)	(b)
		HKD'000	
		31-Jul-19	30-Apr-19
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	15,065,934	15,677,057
2	Less: Asset amounts deducted in determining Tier 1 capital	(269)	(325)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	15,065,665	15,676,732
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)	-	-
5	Add-on amounts for PFE associated with all derivative contracts	-	-
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 derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	-	-
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale 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	5,746,610	5,823,135
18	Less: Adjustments for conversion to credit equivalent amounts	(4,250,684)	(3,725,175)
19	Off-balance sheet items	1,495,926	2,097,960
Capital and total exposures			
20	Tier 1 capital	5,394,049	5,362,010
20a	Total exposures before adjustments for specific and collective provisions	16,561,591	17,774,692
20b	Adjustments for specific and collective provisions	(1,632)	(1,975)
21	Total exposures after adjustments for specific and collective provisions	16,559,959	17,772,717
Leverage ratio			
22	Leverage ratio	32.57%	30.17%

Template CR8 - Credit Risk for Non-securitization Exposures Disclosures for IRB Approach

Not applicable as Scotiabank (Hong Kong) Limited adopts standardized approach.

Template CCR7 - Counterparty Credit Risk Disclosures

Not applicable as Scotiabank (Hong Kong) Limited did not have exposure that was subject to counterparty credit risk capital charge.

Template MR2 - Market Risk Disclosures

Not applicable as Scotiabank (Hong Kong) Limited is exempted from maintaining capital against market risk by the HKMA under S.22(1) of the Banking (Capital) Rules