

**SCOTIABANK (HONG KONG) LIMITED - Pillar 3 Semi-annual Disclosures**  
**As at April 30, 2018**

**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
		April 30, 2018 HKD'000	January 31, 2018 HKD'000	April 30, 2018 HKD'000
1	Credit risk for non-securitization exposures	11,253,971	11,642,793	900,318
2	Of which STC approach	11,253,971	11,642,793	900,318
2a	Of which BSC approach	-	-	-
3	Of which IRB approach	-	-	-
4	Counterparty credit risk	-	-	-
5	Of which SA-CCR	-	-	-
5a	Of which CEM	-	-	-
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 <sub>1</sub>	-	-	-
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	-	-	-
17	Of which STM approach	-	-	-
18	Of which IMM approach	-	-	-
19	Operational risk	577,163	613,113	46,173
20	Of which BIA approach	577,163	613,113	46,173
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)	-	-	-
24	Capital floor adjustment	-	-	-
24a	Deduction to RWA	-	-	-
24b	Of which portion of regulatory reserve for general banking risks and	-	-	-
24c	Of which portion of cumulative fair value gains arising from the	-	-	-
25	Total	11,831,134	12,255,906	946,491

### **Template CR1: Credit quality of exposures**

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at April 30, 2018:

		(a)	(b)	(c)	(d)
		Gross carrying amounts of		Allowances / impairments	Net values
HKD'000		Defaulted exposures	Non-defaulted exposures		
1	Loans	-	9,315,953	-	9,315,953
2	Debt securities	-	1,720,115	-	1,720,115
3	Off-balance sheet exposures	-	3,730,793	-	3,730,793
4	<b>Total</b>	-	14,766,861	-	14,766,861

### **Template CR2: Changes in defaulted loans and debt securities**

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as at April 30, 2018:

HKD'000		(a)
		Amount
1	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	-
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	-
6	<b>Defaulted loans and debt securities at end of the current reporting period</b>	-

**Template CR3: Overview of recognized credit risk mitigation**

The table below discloses the extent of credit risk exposures covered by different types of recognized CRM as at April 30, 2018:

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
HKD'000						
1	Loans	6,929,351	2,386,602	-	2,386,602	-
2	Debt securities	1,720,115	-	-	-	-
<b>3</b>	<b>Total</b>	8,649,466	2,386,602	-	2,386,602	-
4	Of which defaulted	-	-	-	-	-

**Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach**

The table below illustrates the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of capital requirements, and RWA density provides a synthetic metric on riskiness of each portfolio as at April 30, 2018:

HKD'000		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balancesheet amount	On-balance sheet amount	Off-balancesheet amount	RWA	RWAdensity
1	Sovereign exposures	1,720,115	-	1,720,115	-	244,298	14%
2	PSE exposures	-	240,000	-	120,000	24,000	20%
2a	Of which: domestic PSEs	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	2,370,281	-	2,370,281	-	715,318	30%
5	Securities firm exposures	-	-	-	-	-	-
6	Corporate exposures	9,385,954	6,861,958	9,385,954	2,111,696	10,268,642	89%
7	CIS exposures	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	-	-	-
12	Other exposures which are not past due exposures	1,713	-	1,713	-	1,713	100%
13	Past due exposures	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	<b>Total</b>	<b>13,478,063</b>	<b>7,101,958</b>	<b>13,478,063</b>	<b>2,231,696</b>	<b>11,253,971</b>	<b>72%</b>

**Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach**

The below table presents a breakdown of credit risk exposures by asset classes and by risk weights (corresponding to the classification of exposures according to the STC approach used) as at April 30, 2018:

HKD'000		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
	Exposure class											
1	Sovereign exposures	498,625	-	1,221,490	-	-	-	-	-	-	-	1,720,115
2	PSE exposures	-	-	120,000	-	-	-	-	-	-	-	120,000
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	1,566,076	-	804,205	-	-	-	-	-	2,370,281
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	2,458,017	-	9,039,633	-	-	-	11,497,650
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-	-	-	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-	1,713	-	-	-	1,713
13	Past due exposures	-	-	-	-	-	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	498,625	-	2,907,566	-	3,262,222	-	9,041,346	-	-	-	15,709,759

**Template CR6, CR7, CR8, CR10 - Credit Risk for Non-securitization Exposures Disclosures for IRB Approach**

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

**Template CCR1, CCR2, CCR3, CCR4, CCR5, CCR6, CCR7, CCR8 - 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 SEC1, SEC2, SEC3, SEC4 - Securitization Exposures Disclosures**

Not applicable as Scotiabank (Hong Kong) Limited did not have securitization exposures.

**Template MR1, MR2, MR3, MR4 - 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.

**Key Capital Ratios Disclosures****1 Capital Adequacy Ratio**

	April 30, 2018 HKD'000	January 31, 2018 HKD'000
Common Equity Tier 1 Capital	5,365,580	5,455,802
Tier 1 Capital	5,365,580	5,455,802
Total Capital	5,368,343	5,460,509
Total Risk-Weighted Assets	11,831,134	12,255,906
Common Equity Tier 1 Capital Ratio	45.35%	44.52%
Tier 1 Capital Ratio	45.35%	44.52%
Total Capital Ratio	45.37%	44.55%

**2 Leverage Ratio**

	April 30, 2018 HKD'000	January 31, 2018 HKD'000
Tier 1 Capital	5,365,580	5,455,802
Total Exposure Measure	16,002,688	17,059,358
Leverage Ratio	33.53%	31.98%