

The Shanghai Commercial & Savings Bank Ltd.
Hong Kong Branch

Key Financial Information Disclosure Statement
For the year ended 31 Dec 2015

**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT
FOR THE YEAR ENDED 31 Dec 2015**

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DECLARATION

SECTION A. INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)

I. PROFIT AND LOSS INFORMATION FOR THE YEAR ENDED 31-Dec-15

Figures in HKD Thousand

For the year ended	31-Dec-15	31-Dec-14
Interest income	95,024	95,251
Interest expenses	(31,808)	(38,038)
Net interest income	<u>63,216</u>	<u>57,213</u>
Other operating income		
Gain less losses arising from trading in foreign currencies	13,042	7,158
Gains less losses on securities held for trading purposes	0	116
Gains less losses from other trading activities	2,633	(744)
Net fee and commission income		
- Fee and commission income	19,799	16,120
- Fee and commission expenses	(911)	(795)
Others	70	150
	<u>34,633</u>	<u>22,005</u>
Total Income	97,849	79,218
Operating expenses		
Staff and rental expenses	(21,550)	(20,200)
Other expenses (less fees and commission expenses)	(8,853)	(7,150)
Total expenses	<u>(30,403)</u>	<u>(27,350)</u>
Impairment losses and provisions for impaired loans and receivable	(10,743)	(3,568)
Gain less losses from the disposal of property plant and equipment and investment	0	(23)
Profit before taxation	<u>56,703</u>	<u>48,277</u>
Taxation charge	(12,360)	(13,051)
Profit after taxation	<u>44,343</u>	<u>35,226</u>

Notes:

1. The accounting policies adopted by the Bank, are consistent with those applied in the previous financial year.

II. BALANCE SHEET INFORMATION AS AT 31-Dec-15

Figures in HKD Thousand

As at	31-Dec-15	30-Jun-15
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	2,217,400	553,605
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	1,595,671	2,119,817
Amount due from overseas offices	517,871	31,191
Trade bills less impairment allowances	174,984	257,474
Loans and advances less impairment allowances	1,341,449	1,857,303
Certificates of deposit held	0	0
Available for sale debt securities less impairment allowances	361,603	314,917
Held to maturity debt securities	0	0
Other assets		
- accrued interest	10,441	7,616
- other accounts	8,555	5,317
Property, plant and equipment	16,414	15,342
TOTAL ASSETS	6,244,388	5,162,582
LIABILITIES		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas office)	59,279	195,018
Current, fixed, savings and other deposits from customers		
- Demand deposits and current accounts	86,380	76,407
- Savings deposits	2,990,621	2,332,897
- Time deposits	2,793,128	1,987,139
Amount due to overseas offices	255,046	527,082
Other amounts and provisions	17,947	22,073
TOTAL LIABILITIES	6,202,401	5,140,616
Reserves and current profit / (loss)	41,987	21,966
TOTAL EQUITY AND LIABILITIES	6,244,388	5,162,582

III. SUPPLEMENTARY FINANCIAL INFORMATION

1. TRADE BILLS AND IMPAIRMENT ALLOWANCES ON TRADE BILLS

Figures in HKD Thousand

As at	31-Dec-15	30-Jun-15
Trade bills	176,752	260,075
Collective impairment allowances	(1,768)	(2,601)
Gross trade bills less impairment allowances	<u>174,984</u>	<u>257,474</u>

2. ADVANCES AND IMPAIRMENT ALLOWANCES ON ADVANCES

Figures in HKD Thousand

A. Advances to customers and impairment allowances on advances to customers

As at	31-Dec-15	30-Jun-15
Advances to customers	1,181,143	1,663,617
Advances to banks and other financial institutions	192,941	230,122
Total	<u>1,374,084</u>	<u>1,893,739</u>
Collective impairment allowances	(32,635)	(27,143)
Individual impairment allowances	0	(9,293)
Total	<u>(32,635)</u>	<u>(36,436)</u>
Gross advances less impairment allowances	<u>1,341,449</u>	<u>1,857,303</u>
Allowances as a percentage of gross advances		
- Collective impairment allowances	2.38%	1.43%
- Individual impairment allowances	0.00%	0.49%
Total	<u>2.38%</u>	<u>1.92%</u>

B. Impairment allowances

	Individual impairment allowances	Collective impairment allowances	Total
Balance as at 31-Dec-15			
- Advances to customers	0	30,706	30,706
- Advances to banks and other financial institutions	0	1,929	1,929
	<u>0</u>	<u>32,635</u>	<u>32,635</u>
Balance as at 30-June-15			
- Advances to customers	9,293	24,842	34,135
- Advances to banks and other financial institutions	0	2,301	2,301
	<u>0</u>	<u>27,143</u>	<u>36,436</u>

C. Impaired advances to customers

As at	31-Dec-15	30-Jun-15
- Gross impaired advances to customers *	0	9,295
- Individual impairment allowances	0	(9,293)
Total	<u>0</u>	<u>2</u>
Market value of collateral pledged	<u>0</u>	<u>0</u>
Covered portion of impaired advances	<u>0</u>	<u>0</u>
Uncovered portion of impaired advances	<u>0</u>	<u>0</u>
Gross impaired advances as a percentage of gross advances to customers	0.00%	0.49%
Individual impairment allowances as a percentage of gross impaired advances	0.00%	99.98%

There were no impaired advances to banks and other financial institutions; nor were there any individual impairment allowances made for them as at 31-Dec-15 and 30-Jun-15.

* The advances have been offset by pledged deposits.

D. Overdue and rescheduled advances to customers

As at	31-Dec-15	30-Jun-15
a. Advances to customers overdue for more than 1 month and up to 3 months	0	1,664
more than 3 months and up to 6 months	0	7,631
more than 6 months and up to 1 year	0	0
more than 1 year	0	0
Individual impairment allowances made in respect of the above overdue advances	0	9,293
Market value of collateral held against the covered portion of all overdue advances	0	0
Covered portion of all overdue advances	0	0
Uncovered portion of all overdue advances *	0	9,293
b. Rescheduled advances to customers (Net of those overdue advances which have been disclosed in above)	0	0

	As a percentage of total gross advances to customers	
	31-Dec-15	30-Jun-15
a. Advances to customers overdue for more than 1 month and up to 3 months	0.00%	0.09%
more than 3 months and up to 6 months	0.00%	0.40%
more than 6 months and up to 1 year	0.00%	0.00%
more than 1 year	0.00%	0.00%
	0.00%	0.49%
b. Rescheduled advances to customers	0.00%	0.00%

* The advances have been offset by pledged deposits.

E. Reconciliation for advances to customer between overdue advances and impaired advances is as follows:

	31-Dec-15	30-Jun-15
Advances to customers overdue for more than 3 months	0	7,631
Less: loans overdue but not impaired	0	(7,631)
Add: overdue loans for 3 months or less than on which interests is being placed in suspense or interest ceased to accrue	0	0
Add: impaired loans overdue for 3 months or less or not yet overdue and on which is still being accrued	0	0
Total impaired advances	0	0

There were no advances to banks and other financial institutions which were overdue or rescheduled as at 31-Dec-15 and 30-Jun-15.

F. Repossessed assets

As at 31-Dec-15 and 30-Jun-15, there were no repossessed assets held by our bank.

3. DEBT SECURITIES HELD AND OTHER ACCOUNTS

Figures in HKD Thousand

A. Available for sale securities

As at	31-Dec-15	30-Jun-15
Floating rate notes	45,847	81,934
Debt securities	315,756	232,983
Total	<u>361,603</u>	<u>314,917</u>
Issued by:		
Bank in Hong Kong	34,987	35,164
Bank outside Hong Kong	96,843	137,418
Non Bank in Hong Kong	97,973	27,414
Non Bank outside Hong Kong	131,800	114,921
Total	<u>361,603</u>	<u>314,917</u>
Impairment allowances	0	0
Available for sale securities less impairment allowances	<u>361,603</u>	<u>314,917</u>
Impairment allowances as a percentage of available for sale securities	0%	0%

B. Held-to-maturity securities

	31-Dec-15	30-Jun-15
Debt securities	<u>0</u>	<u>0</u>
Issued by:		
Other financial institutions outside Hong Kong	<u>0</u>	<u>0</u>

C. Overdue or impaired securities

	0	0
Balance as at 31-Dec-15		
- Neither overdue nor impaired	0	0
- Non-overdue but impaired	0	0
- Overdue and impaired	0	0
Total	<u>0</u>	<u>0</u>
Balance as at 30-Jun-15		
- Neither overdue nor impaired	0	0
- Non-overdue but impaired	0	0
- Overdue and impaired	0	0
Total	<u>0</u>	<u>0</u>

D. Other accounts

As at	31-Dec-15	30-Jun-15
Deposits in advanced	2,038	2,038
Prepaid expenses	1,438	986
Others	5,079	2,293
Total	<u>8,555</u>	<u>5,317</u>

4. OFF BALANCE SHEET INFORMATION

Figures in HKD Thousand

A. Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

As at	31-Dec-15	30-Jun-15
Direct credit substitutes	189,463	126,724
Trade-related contingencies		
- customer's liabilities under letter of credit	76,930	136,914
- customer's liabilities under guarantee	0	0
- customer's liabilities under acceptance	30,258	0
Forward forward deposits placed	0	0
Other commitments		
- other commitments within an original maturity of not more than one year	1,018,080	1,326,147
- other commitments within an original maturity of more than one year	115,940	81,930
	<u>1,134,020</u>	<u>1,408,077</u>

B. Derivative financial instruments

As at	31-Dec-15 Contract/notional amount	30-Jun-15 Contract/notional amount
- exchange rate contracts	335,508	131,829
- interest rate swap contracts	0	0
	<u>335,508</u>	<u>131,829</u>

Replacement costs of derivatives (of the above derivatives)	Replacement costs	Replacement costs
- exchange rate contracts	2,171	1,265
- interest rate swap contracts	0	0
	<u>2,171</u>	<u>1,265</u>

The replacement costs represent the cost of replacing all contracts which have a positive value when marked to market.

5. GROSS ADVANCES TO CUSTOMERS ANALYSED AND REPORTED BY LOAN USAGE

The following information concerning advances to customers by industry sectors has been classified in accordance with industry categories contained in the banking returns of Quarterly Analysis of Loans and Advances and the Provisions MA (BS2A) and Assets and Liabilities of an Authorised Institution MA (BS1) submitted to the Hong Kong Monetary Authority.

Figures in HKD Thousand

A. By loan usage

As at	31-Dec-15		30-Jun-15	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
1. Loan and advances for use in Hong Kong				
a. Industrial, commercial and financial				
- property development	50,000	0	115,391	23,876
- property investment	23,072	23,072	6,959	6,959
- financial concerns	38,500	0	48,064	15,117
- stockbrokers	19,376	0	123,048	0
- wholesale and retail trade	0	0	279,187	270,846
- manufacturing	28,862	1,736	115,513	50,215
- transport and transport equipment	41,762	0	1,060	1,060
- recreational activities	0	0	0	0
- information technology	0	0	0	0
- others	38,752	0	38,761	0
	<u>240,324</u>	<u>24,808</u>	<u>727,983</u>	<u>368,073</u>
b. Individuals				
- loans for the purchase of other residential properties	11,942	10,582	9,683	9,683
- credit card advances	0	0	0	0
- Others	22,983	22,983	4,663	0
	<u>34,925</u>	<u>33,565</u>	<u>14,346</u>	<u>9,683</u>
2. Trade finance	422,883	310,157	61,798	41,544
3. Loan for use outside Hong Kong	675,952	188,843	1,089,612	521,205
Total	<u>1,374,084</u>	<u>557,373</u>	<u>1,893,739</u>	<u>940,505</u>

B. Analysis of impaired advances for the individual loan usage category:

As at	31-Dec-15		30-Jun-15	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment
- Wholesale and retail trade	0	0	0	1,662
- Trade Finance	0	0	0	7,631
	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,293</u>

C. By geographical area

After taking into account the transfer of risk, exposures to a single country exceeding 10% of the aggregate gross advances to customers which are disclosed as follows:

As at 31-Dec-15	Outstanding balance	Advances overdue for over 1-3 months	Advances overdue for over three months	Impaired advances	Individual impairment allowances
	- Hong Kong	681,758	0	0	0
- Taiwan	275,227	0	0	0	0
- China	158,852	0	0	0	0
- others	258,247	0	0	0	0
	<u>1,374,084</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

As at 30-Jun-15	Outstanding balance	Advances overdue for over 1-3 months	Advances overdue for over three months	Impaired advances	Individual impairment allowances
	- Hong Kong	732,667	0	0	0
- Taiwan	371,365	0	3,285	0	3,285
- China	589,323	1,662	0	0	1,662
- others	200,384	0	4,346	0	4,346
	<u>1,893,739</u>	<u>1,662</u>	<u>7,631</u>	<u>0</u>	<u>9,293</u>

6. INTERNATIONAL CLAIMS DISCLOSURE

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account the transfer of country risk. They are prepared in accordance with the HKMA banking return of International Banking Statistics MA(BS)21 completion instruction. Countries or geographical areas constituting 10% or more of the total cross-border claims are disclosed.

Figures in HKD Million

As at 31-Dec-15	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Offshore centres						
- Hong Kong SAR	199	27	0	802	0	1,028
Developing Asia and Pacific						
- China	789	53	0	175	0	1,017
- Taiwan	2,853	0	0	270	0	3,123
	<u>3,841</u>	<u>80</u>	<u>0</u>	<u>1,247</u>	<u>0</u>	<u>5,168</u>

As at 30-Jun-15	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Offshore centres						
- Hong Kong SAR	167	28	48	684	0	927
Developing Asia and Pacific						
- China	602	57	42	811	0	1,512
- Taiwan	1,781	0	85	289	0	2,155
	<u>2,550</u>	<u>85</u>	<u>175</u>	<u>1,784</u>	<u>0</u>	<u>4,594</u>

7. NON-BANK MAINLAND CHINA EXPOSURES

Non-bank counterparties are identified in accordance with the definitions set out in the banking return of Mainland Activities MA(BS)20 issued by HKMA. Exposure in Mainland China arising from non-bank counterparties are summarized as follows:

Figures in HKD Million

As at 31-Dec-15	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	68	0	68
Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	31	9	40
Other entities of central government not reported in item 1 above	0	0	0
Other entities of local government not reported in item 2 above	0	0	0
PRC nationals residing outside mainland China or entities incorporated outside mainland China where the credit is granted for use in mainland China	498	777	1,275
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	218	94	312
Total	815	880	1,695
Total assets after provision	6,244		
On-balance sheet exposures as percentage of total assets	13.05%		

As at 30-Jun-15	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	99	0	99
Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	80	9	90
Other entities of central government not reported in item 1 above	0	0	0
Other entities of local government not reported in item 2 above	0	0	0
PRC nationals residing outside mainland China or entities incorporated outside mainland China where the credit is granted for use in mainland China	1,049	1,080	2,129
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	396	102	498
Total	1,624	1,192	2,816
Total assets after provision	5,163		
On-balance sheet exposures as percentage of total assets	31.46%		

8. FOREIGN CURRENCY POSITION

The foreign currency exposures are prepared in accordance with the HKMA banking return of "Foreign Currency Position" completion instructions. The net position in foreign currencies are disclosed as follows:

Figures in HKD Million

As at 31-Dec-15

	USD	GBP	JPY	EUR	CNY	AUD	Total
Spot assets	4,921	4	86	196	777	1	5,985
Spot liabilities	(5,178)	(5)	(107)	(131)	(634)	(8)	(6,063)
Forward purchases	378	0	23	55	38	6	500
Forward sales	(121)	0	(2)	(119)	(183)	(1)	(426)
Net option position	0	0	0	0	0	0	0
Net long (short) position	0	(1)	0	1	(2)	(2)	(4)

As at 30-Jun-15

	USD	GBP	JPY	EUR	CNY	AUD	Total
Spot assets	3,491	15	106	73	1,039	14	4,738
Spot liabilities	(3,595)	(15)	(93)	(77)	(1,041)	(13)	(4,834)
Forward purchases	386	0	211	5	67	0	669
Forward sales	(285)	0	(225)	(1)	(66)	(1)	(578)
Net option position	0	0	0	0	0	0	0
Net long (short) position	(3)	0	(1)	0	(1)	0	(5)

9. LIQUIDITY MANAGEMENT RATIO AVERAGE LIQUIDITY RATIO

For the year ended

	31-Dec-15	31-Dec-14
Liquidity maintenance ratio	<u>39.57%</u>	N.A.
Liquidity ratio	N.A.	<u>39.90%</u>

The liquidity ratio refers to the statutory minimum liquidity ratio specified under section 102 of the Banking , which was replaced by the liquidity maintenance ratio on 1 Jan 2015. For the reporting period from 1 Jan 2014 to 31 Dec 2014, the calculation of liquidity ratio remained the same as before.

The Branch's average liquidity maintenance ratio and liquidity ratio for the period are the simple average of each calendar month's average liquidity maintenance ratio / liquidity ratio.

IV OTHER INFORMATION

I. DISCLOSURE OF REMUNERATION

A. Remuneration system

The reward system of our Branch is designed and reviewed by our Head Office. The basis of determining the emoluments payable by the Branch to senior management is mainly by reference to the level of emoluments normally paid by comparable banks and employees' performance. Total compensation comprises a fixed component, allowance and benefits. The reward to be expensed as cash settled, no award as shared-based compensation plan.

B. Remuneration of senior management

For the year ended	31-Dec-15	31-Dec-14
Persons	9	9
Figures in HKD Thousand		
For the year ended	31-Dec-15	31-Dec-14
Basis salaries, allowances and benefits	4,713	4,597
Variable remuneration	0	0
Deferred remuneration	0	0

2. LIQUIDITY RISK MANAGEMENT

A. Policy Statement of Liquidity risk management

a. The purpose of liquidity risk management is to ensure our abilities with sufficient cash flows to meet obligations payable to our customers and interbank counterparties. And our Branch should always hold an adequate quantity of high quality liquid assets in order to handle the situation of liquidity shortfalls.

b. Our Branch obeys "Hong Kong Branch Liquidity Management Policy", and other related regulations from our Head office to manage the liquidity risk.

c. Our Branch manages the liquidity on a prudent basis to ensure that we can always maintain a sufficiently high liquidity maintenance ratio relative to the statutory minimum. Otherwise, the internal limit of liquidity maintenance ratio on average for each month is set at 35% in order for the Branch to retain sufficient liquidity during its normal course of operation.

B. Management Mechanism of liquidity risk management

a. Asset and Liability Committee ("ALCO") is mainly responsible for the liquidity risk management in our Branch.

b. Assets and Liability Committee ("ALCO") is in charge of funds sources and asset allocation management, as well as market risk, liquidity risk and interest rate risk management, and other matters related to assets and liabilities management; members include the General Manager, department heads from administration, operation and business departments, compliance manager, treasury dealer and accounting manager. The ALCO is chaired by the General Manager.

SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BASIS)

I. CAPITAL AND CAPITAL ADEQUACY RATIO

A. Capital adequacy ratio	31-Dec-15	30-Jun-15
	<u>14.03%</u>	<u>13.42%</u>
Figures in HKD Thousand		
B. Aggregate amount of shareholders' funds	31-Dec-15	30-Jun-15
	<u>9,421,223</u>	<u>9,551,086</u>

The capital adequacy ratio was compiled in accordance with the "Basel III capital accord". In accordance with the Capital Rules, the bank has adopted the "Standardised approach" for the calculation of the risk-weighted assets for credit risk and market risk, and "Basic indicator approach" for the calculation of operational risk.

II. OTHER FINANCIAL INFORMATION

Figures in HKD Thousand

	31-Dec-15	30-Jun-15
Total assets	<u>382,790,445</u>	<u>393,204,567</u>
Total liabilities	<u>346,064,008</u>	<u>356,714,465</u>
Total advances	<u>201,941,922</u>	<u>210,992,884</u>
Total customer deposit	<u>316,452,300</u>	<u>320,401,465</u>
	Year to 31-Dec-15	Year to 31-Dec-14
Income / (loss) before income tax	4,446,164	4,323,311
Less: Income tax expenses	(866,156)	(881,329)
Consolidated income	<u>3,580,008</u>	<u>3,441,983</u>
Belong to:		
Stockholders of the parent company	2,802,957	2,671,725
Minority interest in subsidiaries	777,051	770,258
	<u>3,580,008</u>	<u>3,441,983</u>

The applied exchange rate of TWD to HKD on :

2015/12/31	4.2448
2015/06/30	3.9877
2014/12/31	4.0825

Declaration

According to the requirement of the Hong Kong Monetary Authority on Key Financial Information Disclosure Statement of authorized institutions incorporated outside Hong Kong, we have pleasure in presenting the Key Financial Information Disclosure Statements of Shanghai Commercial & Savings Bank Limited, Hong Kong Branch for the year ended 31 Dec 2015. We confirmed that the information contained therein complies, in all material respects, with the supervisory policy manual CA-D-I "Guideline on the Application of the Banking (Disclosure) Rules" issued in Aug 2015, and to the best of my knowledge and belief, it is not false or misleading.



Mr TSAI HUANG CHUNG

Deputy Executive Vice President

The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch

30-Mar-16

Date