

The Shanghai Commercial & Savings Bank Ltd.
Hong Kong Branch

Key Financial Information Disclosure Statement
For the half year ended 30 Jun 2017

**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT
FOR THE HALF YEAR ENDED 30 Jun 2017**

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DECLARATION

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

I. PROFIT AND LOSS INFORMATION FOR THE HALF YEAR ENDED 30-Jun-17

Figures in HKD Thousand

For the year ended	30-Jun-17	30-Jun-16
Interest income	65,045	48,805
Interest expenses	(17,774)	(13,702)
Net interest income	<u>47,271</u>	<u>35,103</u>
Other operating income		
Gain less losses arising from trading in foreign currencies	3,641	7,308
Gains less losses on securities held for trading purposes	(2)	(3)
Net fee and commission income		
- Fee and commission income	9,113	10,610
- Fee and commission expenses	(526)	(431)
	<u>12,226</u>	<u>17,484</u>
Total Income	59,497	52,587
Operating expenses		
Staff and rental expenses	(12,742)	(10,902)
Other expenses (less fees and commission expenses)	(3,970)	(4,058)
Total expenses	<u>(16,712)</u>	<u>(14,960)</u>
Impairment losses and provisions for impaired loans and receivable	(10,469)	0
Gain less losses from the disposal of property plant and equipment and investment properties	0	0
Profit before taxation	32,316	37,627
Taxation charge	(7,156)	(6,173)
Profit after taxation	<u>25,160</u>	<u>31,454</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 30-Jun-17

Figures in HKD Thousand

As at	30-Jun-17	31-Dec-16
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	2,703,021	2,860,153
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	1,297,974	1,705,320
Amount due from overseas offices	49,368	157,621
Trade bills less impairment allowances	57,096	51,108
Loans and advances less impairment allowances	2,068,452	1,656,306
Certificates of deposit held	0	0
Available for sale debt securities less impairment allowances	265,145	323,237
Held to maturity debt securities	0	0
Other assets		
- accrued interest	16,560	20,498
- other accounts	123,271	11,235
Property, plant and equipment	15,644	16,539
TOTAL ASSETS	6,596,531	6,802,017
LIABILITIES		
Deposits and balances of banks and other financial institutions (except those included in amount due to Current, fixed, savings and other deposits from customers)	0	0
- Demand deposits and current accounts	104,200	93,474
- Savings deposits	3,840,774	2,872,539
- Time deposits	2,201,741	3,113,416
Amount due to overseas offices	348,578	628,893
Amount due to other bank outside Hong Kong	54,638	0
Other amounts and provisions	23,522	23,613
TOTAL LIABILITIES	6,573,453	6,731,935
Reserves and current profit / (loss)	23,078	70,082
TOTAL EQUITY AND LIABILITIES	6,596,531	6,802,017

III. SUPPLEMENTARY FINANCIAL INFORMATION

1. TRADE BILLS AND IMPAIRMENT ALLOWANCES ON TRADE BILLS

Figures in HKD Thousand

As at	30-Jun-17	31-Dec-16
Trade bills	57,965	51,885
Collective impairment allowances	(869)	(777)
Gross trade bills less impairment allowances	<u>57,096</u>	<u>51,108</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	30-Jun-17	31-Dec-16
Advances to customers	1,834,928	1,393,458
Advances to banks and other financial institutions	274,108	293,054
Total	<u>2,109,036</u>	<u>1,686,512</u>
Collective impairment allowances	(30,435)	(26,118)
Individual impairment allowances	(10,149)	(4,088)
Total	<u>(40,584)</u>	<u>(30,206)</u>
Gross advances less impairment allowances	<u>2,068,452</u>	<u>1,656,306</u>
Allowances as a percentage of gross advances		
- Collective impairment allowances	1.44%	1.55%
- Individual impairment allowances	0.48%	0.24%
Total	<u>1.92%</u>	<u>1.79%</u>

B. Impairment allowances

	Individual impairment allowances	Collective impairment	Total
Balance as at 30-Jun-17			
- Advances to customers	10,149	27,694	37,843
- Advances to banks and other financial institutions	0	2,741	2,741
	<u>10,149</u>	<u>30,435</u>	<u>40,584</u>
Balance as at 31-Dec-16			
- Advances to customers	4,088	23,187	27,275
- Advances to banks and other financial institutions	0	2,931	2,931
	<u>4,088</u>	<u>26,118</u>	<u>30,206</u>

C. Impaired advances to customers

As at	30-Jun-17	31-Dec-16
- Gross impaired advances to customers *	33,243	16,353
- Individual impairment allowances	(10,149)	(4,088)
Total	<u>23,094</u>	<u>12,265</u>
Market value of collateral pledged	0	0
Covered portion of impaired advances	0	0
Uncovered portion of impaired advances	<u>33,243</u>	<u>16,353</u>
Gross impaired advances as a percentage of gross advances to customers	1.58%	0.97%
Individual impairment allowances as a percentage of gross impaired advances	30.53%	25%

There were no impaired advances to banks and other financial institutions; nor were there any individual impairment allowances made for them as at 30-Jun-17 and 31-Dec-16.

* The advances have been offset by pledged deposits.

D. Overdue and rescheduled advances to customers

As at	30-Jun-17	31-Dec-16
a. Advances to customers overdue for more than 1 month and up to 3 months	0	0
more than 3 months and up to 6 months	0	0
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	0
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	0
b. Rescheduled advances to customers (Net of those overdue advances which have been disclosed in above)	25,891	16,353

As a percentage of total gross advances to customers

	30-Jun-17	31-Dec-16
a. Advances to customers overdue for more than 1 month and up to 3 months	0.00%	0.00%
more than 3 months and up to 6 months	0.00%	0.00%
more than 6 months and up to 1 year	0.00%	0.00%
more than 1 year	0.00%	0.00%
b. Rescheduled advances to customers	1.23%	0.97%

* The advances have been offset by pledged deposits.

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

	30-Jun-17	31-Dec-16
Advances to customers overdue for more than 3 months	0	0
Less: loans overdue but not impaired	0	0
Add: overdue loans for 3 months or less than on which interests is being placed in suspense or interest ceased to	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 30-Jun-17 and 31-Dec-16.

F. Repossessed assets

As at 30-Jun-17 and 31-Dec-16, 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	30-Jun-17	31-Dec-16
Floating rate notes	17,834	16,441
Debt securities	247,311	306,796
Total	<u>265,145</u>	<u>323,237</u>

Issued by:

Bank in Hong Kong	0	16,441
Bank outside Hong Kong	17,834	34,951
Non Bank in Hong Kong	180,389	206,652
Non Bank outside Hong Kong	66,922	65,193
Total	<u>265,145</u>	<u>323,237</u>

Impairment allowances	0	0
Available for sale securities less impairment allowances	<u>265,145</u>	<u>323,237</u>

Impairment allowances as a percentage of available for sale	<u>0%</u>	<u>0%</u>
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B. Held-to-maturity securities

Debt securities	<u>0</u>	<u>0</u>
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Issued by:

Other financial institutions outside Hong Kong	<u>0</u>	<u>0</u>
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C. Overdue or impaired securities

	0	0
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Balance as at 30-Jun-17

- 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 31-Dec-16

- 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	30-Jun-17	31-Dec-16
Deposits in advanced	2,607	2,608
Prepaid expenses	1,967	1,928
Others	118,697	140,616
Total	<u>123,271</u>	<u>145,152</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	30-Jun-17	31-Dec-16
Direct credit substitutes	282,753	268,695
Trade-related contingencies		
- customer's liabilities under letter of credit	84,366	93,304
- customer's liabilities under guarantee	0	0
- customer's liabilities under acceptance	30,293	22,237
Forward deposits placed		
Other commitments		
- other commitments within an original maturity of not more than one year	1,280,273	1,409,417
- other commitments within an original maturity of more than one year	603,987	270,824
	<u>1,884,260</u>	<u>1,680,241</u>

B. Derivative financial instruments

As at	30-Jun-17 Contract/notional amount	31-Dec-16 Contract/notional amount
- exchange rate contracts	592,434	409,120
- interest rate swap contracts	0	0
	<u>592,434</u>	<u>409,120</u>
Replacement costs of derivatives (of the above derivatives)	Replacement costs	Replacement costs
- exchange rate contracts	1,553	5,206
- interest rate swap contracts	0	0
	<u>1,553</u>	<u>5,206</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	30-Jun-17		31-Dec-16	
	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	365,280	0	0	0
- property investment	79,273	29,273	31,381	31,381
- financial concerns	278,998	0	200,541	0
- stockbrokers	30,234	0	50,000	0
- wholesale and retail trade	91,961	89,464	163,668	155,408
- manufacturing	149,579	55,277	90,233	68,120
- transport and transport equipment	190,806	37,806	159,673	34,673
- others	54,638	0	91,122	0
	<u>1,240,769</u>	<u>211,820</u>	<u>786,618</u>	<u>289,582</u>
b. Individuals				
- loans for the purchase of other residential properties	7,915	7,915	8,376	8,376
- Others	1,420	986	2,524	1,806
	<u>9,335</u>	<u>8,901</u>	<u>10,900</u>	<u>10,182</u>
2. Trade finance	188,267	42,806	183,638	43,361
3. Loan for use outside Hong Kong	670,665	189,621	705,356	184,908
Total	<u>2,109,036</u>	<u>453,148</u>	<u>1,686,512</u>	<u>528,033</u>

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

As at	30-Jun-17		31-Dec-16	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances
- Loan for use outside Hong Kong	0	5,090	0	2,714
- Trade Finance	0	5,059	0	1,374
	<u>0</u>	<u>10,149</u>	<u>0</u>	<u>4,088</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	Outstanding balance	Advances overdue for over 1-3 months	Advances overdue for over three months	Unpaired advances	Individual impairment allowances
As at 30-Jun-17					
- Hong Kong	1,372,299	0	0	0	2,732
- Taiwan	206,916	0	0	0	5,059
- China	149,069	0	0	0	0
- others	380,752	0	0	0	2,358
	<u>2,109,036</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,149</u>
As at 31-Dec-16					
- Hong Kong	927,615	0	0	0	2,714
- Taiwan	228,784	0	0	0	1,374
- China	241,536	0	0	0	0
- others	288,577	0	0	0	0
	<u>1,686,512</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,088</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	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
As at 30-Jun-17						
Offshore centres						
- Hong Kong SAR	1,084	52	0	549	0	1,685
Developing Asia and Pacific						
- China	0	70	0	36	0	106
- Taiwan	1,113	0	0	30	0	1,143
	<u>2,197</u>	<u>122</u>	<u>0</u>	<u>615</u>	<u>0</u>	<u>2,934</u>
As at 31-Dec-16						
Offshore centres						
- Hong Kong SAR	859	27	0	645	0	1,531
Developing Asia and Pacific						
- China	159	50	0	47	0	256
- Taiwan	1,234	0	0	29	0	1,263
	<u>2,252</u>	<u>77</u>	<u>0</u>	<u>721</u>	<u>0</u>	<u>3,050</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 30-Jun-17	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	67	0	67
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	211	39	250
Other entities of central government not reported in item 1	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	1,287	1,680	2,967
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	1,565	1,719	3,284
Total assets after provision			6,596
On-balance sheet exposures as percentage of total assets			23.73%

As at 31-Dec-16	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	65	0	65
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	81	17	98
Other entities of central government not reported in item 1	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	1,366	1,448	2,814
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	1,512	1,465	2,977
Total assets after provision			6,802
On-balance sheet exposures as percentage of total assets			22.23%

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 30-Jun-17	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	4,849	4	147	142	545	12	1	5,700
Spot liabilities	(5,441)	(4)	(146)	(142)	(544)	(12)	(1)	(6,290)
Forward purchases	596	0	0	0	0	0	0	596
Forward sales	0	0	0	0	(3)	0	0	(3)
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	4	0	1	0	(2)	0	0	3
As at 31-Dec-16	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	5,459	4	131	116	487	7	0	6,204
Spot liabilities	(5,797)	(4)	(132)	(117)	(439)	(11)	0	(6,500)
Forward purchases	415	0	45	1	0	3	0	464
Forward sales	(73)	0	(45)	0	(51)	0	0	(169)
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	4	0	(1)	0	(3)	(1)	0	(1)

9. LIQUIDITY MANAGEMENT RATIO AVERAGE LIQUIDITY RATIO

For the half year ended	30-Jun-17
The average liquidity maintenance ratio for the period	<u>40.94%</u>

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

IV. OTHER INFORMATION

1. 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 half year ended	30-Jun-17	30-Jun-16
Persons	9	9

Figures in HKD Thousand

For the half year ended	30-Jun-17	30-Jun-16
Basis salaries, allowances and benefits	2853	2,341
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

	30-Jun-17	31-Dec-16
A. Capital adequacy ratio	12.87%	13.24%

Figures in HKD Thousand

	30-Jun-17	31-Dec-16
B. Aggregate amount of shareholders' funds	30,734,144	28,940,547

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

	30-Jun-17	31-Dec-16
Total assets	435,357,130	396,391,612
Total liabilities	393,918,571	357,151,648
Total advances	232,138,482	206,726,545
	351,996,201	325,751,553

	Half year to 30-Jun-17	Half year to 30-Jun-16
Income / (loss) before income tax	2,726,423	2,214,559
Less: Income tax expenses	(585,481)	(474,011)
Consolidated income	2,140,942	1,740,548

Belong to:

Stockholders of the parent company	1,449,146	1,363,681
Minority interest in subsidiaries	119,575	376,867
	1,568,721	1,740,548

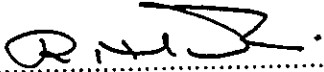
The applied exchange rate of TWD to HKD on :

2017/06/30	3.8967
2016/12/31	4.1545
2016/06/30	4.1625

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 half year ended 30 Jun 2017. 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.

For and on behalf of:
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
HONG KONG BRANCH



.....
Authorized Signature(s)

28-Sep-17

Date

Mr WEI RU HUNG

Deputy Executive Vice President

The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch