

The Shanghai Commercial & Savings Bank Ltd.
Hong Kong Branch

Key Financial Information Disclosure Statement
For the half year ended 30 Jun 2018

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT FOR THE HALF YEAR ENDED 30 Jun 2018

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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-18

Figures in HKD Thousand

For the half year ended	30-Jun-18	30-Jun-17
Interest income	80,131	65,045
Interest expenses	(27,699)	(17,774)
Net interest income	<u>52,432</u>	<u>47,271</u>
Other operating income		
Gain less losses arising from trading in foreign currencies	6,857	3,641
Gains less losses on securities held for trading purposes	(437)	(2)
Net fee and commission income		
- Fee and commission income	13,651	9,113
- Fee and commission expenses	(391)	(526)
Others	8	0
	<u>19,688</u>	<u>12,226</u>
Total Income	72,120	59,497
Operating expenses		
Staff and rental expenses	(13,329)	(12,742)
Other expenses (less fees and commission expenses)	(5,248)	(3,970)
Total expenses	<u>(18,577)</u>	<u>(16,712)</u>
Impairment losses and provisions for impaired loans and receivable	0	(10,469)
Gain less losses from the disposal of property plant and equipment and investment properties	0	0
Profit before taxation	<u>53,543</u>	<u>32,316</u>
Taxation charge	(8,248)	(7,156)
Profit after taxation	<u>45,295</u>	<u>25,160</u>

II. BALANCE SHEET INFORMATION AS AT 30-Jun-18

Figures in HKD Thousand

As at	30-Jun-18	31-Dec-17
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	1,781,553	3,018,676
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	117,263	330,409
Amount due from overseas offices	708,057	96,331
Trade bills less impairment allowances	80,580	123,258
Loans and advances less impairment allowances	2,632,938	2,762,925
Certificates of deposit held	0	0
Available for sale debt securities less impairment allowances	198,992	232,756
Held to maturity debt securities	0	0
Other assets		
- accrued interest	16,054	16,960
- other accounts	18,624	100,429
Property, plant and equipment	18,943	18,072
TOTAL ASSETS	5,573,004	6,699,816
LIABILITIES		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas office)	0	0
Current, fixed, savings and other deposits from customers		
- Demand deposits and current accounts	71,862	109,318
- Savings deposits	2,906,528	2,797,945
- Time deposits	2,090,691	2,532,140
Amount due to overseas offices	29,549	1,029,210
Amount due to other bank outside Hong Kong	392,383	172,314
Other amounts and provisions	36,696	18,967
TOTAL LIABILITIES	5,527,709	6,659,894
Reserves and current profit / (loss)	45,295	39,922
TOTAL EQUITY AND LIABILITIES	5,573,004	6,699,816

III. SUPPLEMENTARY FINANCIAL INFORMATION

1. TRADE BILLS AND IMPAIRMENT ALLOWANCES ON TRADE BILLS

Figures in HKD Thousand

As at	30-Jun-18	31-Dec-17
Trade bills	81,796	125,135
Collective impairment allowances	(1,216)	(1,877)
Gross trade bills less impairment allowances	<u>80,580</u>	<u>123,258</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-18	31-Dec-17
Advances to customers	1,538,837	2,120,526
Advances to banks and other financial institutions	570,199	697,858
Total	<u>2,109,036</u>	<u>2,818,384</u>
Collective impairment allowances	(48,077)	(42,496)
Individual impairment allowances	(8,274)	(12,963)
Total	<u>(56,351)</u>	<u>(55,459)</u>
Gross advances less impairment allowances	<u>2,052,685</u>	<u>2,762,925</u>
Allowances as a percentage of gross advances		
- Collective impairment allowances	2.28%	1.51%
- Individual impairment allowances	0.39%	0.46%
Total	<u>2.67%</u>	<u>1.97%</u>

B. Impairment allowances

	Individual impairment allowances	Collective impairment allowances	Total
Balance as at 30- Jun-18			
- Advances to customers	8,274	42,375	50,649
- Advances to banks and other financial institutions	0	5,702	5,702
	<u>8,274</u>	<u>48,077</u>	<u>56,351</u>
Balance as at 31- Dec-17			
- Advances to customers	12,963	35,517	48,480
- Advances to banks and other financial institutions	0	6,979	6,979
	<u>12,963</u>	<u>42,496</u>	<u>55,459</u>

C. Impaired advances to customers		
As at	30-Jun-18	31-Dec-17
- Gross impaired advances to customers *	16,548	25,924
- Individual impairment allowances	(8,274)	(12,963)
Total	8,274	12,961
Market value of collateral pledged	0	0
Covered portion of impaired advances	0	0
Uncovered portion of impaired advances	16,548	25,924
Gross impaired advances as a percentage of gross advances to customers	0.78%	0.92%
Individual impairment allowances as a percentage of gross impaired advances	50.00%	50.00%

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-18 and 31-Dec-17.

* The advances have been offset by pledged deposits.

D. Overdue and rescheduled advances to customers		
As at	30-Jun-18	31-Dec-17
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	16,548	25,924
(Net of those overdue advances which have been disclosed in above)		
	As a percentage of total gross advances to customers	
	30-Jun-18	31-Dec-17
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	0.78%	0.92%

* 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-18	31-Dec-17
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 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 30-Jun-18 and 31-Dec-17.

F. Repossessed assets

As at 30-Jun-18 and 31-Dec-17, 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-18	31-Dec-17
Floating rate notes	-	-
Debt securities	198,992	232,756
Total	198,992	232,756

Issued by:

Bank in Hong Kong	0	0
Bank outside Hong Kong	0	0
Non Bank in Hong Kong	53,301	163,706
Non Bank outside Hong Kong	145,691	69,051
Total	198,992	232,757

Impairment allowances	0	0
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Available for sale securities less impairment allowances	198,992	232,757
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Impairment allowances as a percentage of available for sale	0%	0%
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B. Held-to-maturity securities

	30-Jun-18	31-Dec-17
Debt securities	0	0

Issued by:

Other financial institutions outside Hong Kong	0	0
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C. Overdue or impaired securities

	0	0
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Balance as at 30-Jun-18

- Neither overdue nor impaired	0	0
- Non-overdue but impaired	0	0
- Overdue and impaired	0	0
Total	0	0

Balance as at 31-Dec-17

- Neither overdue nor impaired	0	0
- Non-overdue but impaired	0	0
- Overdue and impaired	0	0
Total	0	0

D. Other accounts

As at	30-Jun-18	31-Dec-17
Deposits in advanced	2,610	2,608
Prepaid expenses	781	859
Others	15,233	96,963
Total	18,624	100,430

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-18	31-Dec-17
Direct credit substitutes	268,603	293,353
Trade-related contingencies		
- customer's liabilities under letter of credit	167,872	87,937
- customer's liabilities under guarantee	9,132	0
- customer's liabilities under acceptance	0	47,464
Forward forward deposits placed		
Other commitments		
- other commitments within an original maturity of not more than	2,317,140	2,710,820
- other commitments within an original maturity of more than one	625,665	463,595
	<u>2,942,805</u>	<u>3,174,415</u>

B. Derivative financial instruments

As at	30-Jun-18 Contract/notional amount	31-Dec-17 Contract/notional amount
- exchange rate contracts	1,060,031	924,382
- interest rate swap contracts	0	0
	<u>1,060,031</u>	<u>924,382</u>
Replacement costs of derivatives (of the above derivatives)	Replacement costs	Replacement costs
- exchange rate contracts	1,754	3,196
- interest rate swap contracts	0	0
	<u>1,754</u>	<u>3,196</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-18		31-Dec-17	
	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	202,384	98,384	479,945	246,580
- property investment	64,924	64,924	63,637	63,637
- financial concerns	584,414	0	289,604	0
- stockbrokers	32,578	0	35,703	0
- wholesale and retail trade	32,325	27,084	49,159	45,603
- manufacturing	438,635	232,870	385,816	232,304
- transport and transport equipment	71,000	1,000	160,770	39,770
- others	39,238	0	39,079	0
	<u>1,465,498</u>	<u>424,262</u>	<u>1,503,713</u>	<u>627,894</u>
b. Individuals				
- loans for the purchase of other residential properties	-	-	-	-
- Others	1,305	906	1,362	946
	<u>1,305</u>	<u>906</u>	<u>1,362</u>	<u>946</u>
2. Trade finance	160,176	47,982	162,672	45,084
3. Loan for use outside Hong Kong	1,062,309	378,387	1,150,637	370,959
Total	<u>2,689,288</u>	<u>851,537</u>	<u>2,818,384</u>	<u>1,044,883</u>

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

As at	30-Jun-18		31-Dec-17	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances
- Loan for use outside Hong Kong	0	5,493	0	10,193
- Trade Finance	0	2,781	0	2,770
	<u>0</u>	<u>8,274</u>	<u>0</u>	<u>12,963</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 3 months	Impaired advances	Individual impairment allowances
- Hong Kong	1,613,098	0	0	0	5,493
- Taiwan	111,785	0	0	0	2,781
- China	607,428	0	0	0	0
- others	356,978	0	0	0	0
	<u>2,689,289</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,274</u>
As at 31-Dec-17					
- Hong Kong	1,498,862	0	0	0	5,471
- Taiwan	167,127	0	0	0	2,770
- China	576,216	0	0	0	0
- others	576,179	0	0	0	4,722
	<u>2,818,384</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,963</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 30-Jun-18

	Banks	Official sector	Non-bank financial institutions	Non-financial private	Others	Total
Offshore centres	1,025	0	0	918	0	1,943
- Hong Kong SAR						
Developing Asia and Pacific	47	54	0	99	0	200
- China	731	0	0	8	0	739
- Taiwan						
	<u>1,803</u>	<u>54</u>	<u>0</u>	<u>1,025</u>	<u>0</u>	<u>2,882</u>

As at 31-Dec-17

	Banks	Official sector	Non-bank financial institutions	Non-financial private	Others	Total
Offshore centres	1,919	50	0	768	0	2,737
- Hong Kong SAR						
Developing Asia and Pacific	0	70	0	137	0	207
- China	824	0	0	9	0	833
- Taiwan						
	<u>2,743</u>	<u>120</u>	<u>0</u>	<u>914</u>	<u>0</u>	<u>3,777</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-18

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	370	0	370
Local governments, local government-owned entities and their subsidiaries and JVs	228	0	228
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	118	17	135
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	1,167	777	1,944
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	<u>1,883</u>	<u>794</u>	<u>2,677</u>

Total assets after provision

5,573

On-balance sheet exposures as percentage of total assets

33.79%

As at 31-Dec-17

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	254	11	265
Local governments, local government-owned entities and their subsidiaries and JVs	228	253	481
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	217	385	602
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	1,314	2,425	3,739
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	<u>2,013</u>	<u>3,074</u>	<u>5,087</u>

Total assets after provision

6,700

On-balance sheet exposures as percentage of total assets

30.04%



上海商業儲蓄銀行 THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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Hong Kong Branch

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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-18	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	3,442	5	136	129	640	10	0	4,362
Spot liabilities	(4,323)	(6)	(136)	(129)	(747)	(10)	0	(5,351)
Forward purchases	962	0	0	1	107	0	0	1,070
Forward sales	(83)	0	0	0	(2)	0	0	(85)
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	(2)	(1)	0	1	(2)	0	0	(4)

As at 31-Dec-17

As at 31-Dec-17	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	3,972	6	150	132	1,214	10	0	5,484
Spot liabilities	(4,815)	(6)	(150)	(132)	(1,309)	(11)	0	(6,423)
Forward purchases	866	0	0	0	91	0	0	957
Forward sales	(31)	0	0	0	(2)	0	0	(33)
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	(8)	0	0	0	(6)	(1)	0	(15)

9. LIQUIDITY MANAGEMENT RATIO

The average liquidity maintenance ratio ("LMR") for each quarter in 2018 is the simple average of 3 months' average ratio during the quarter in the "Return of Liquidity Position of an Authorized Institution -MA(BS) 1E" calculated for the purpose of the Banking Ordinance.

The average LMR for the period ended 30 June, 2017 is calculated as the simple average of 6 months' average ratio during the period in the "Return of Liquidity Position of an Authorized Institution -MA(BS) 1E" calculated for the purpose of the Banking Ordinance.

Average liquidity maintenance ratio for the period of January to March 2018	41.36%
Average liquidity maintenance ratio for the period of April to June 2018	42.74%
Average liquidity maintenance ratio for the period of January to June 2017	40.94%

V 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

	30-Jun-18	30-Jun-17
For the year ended	9	9
Persons		
Figures in HKD Thousand		
For the year ended	30-Jun-18	30-Jun-17
Basis salaries, allowances and benefits	3,635	2,853
Variable remuneration	0	0
Deferred remuneration	0	0

2. LIQUIDITY RISK MANAGEMENT

A. Policy Statement of Liquidity risk management

- 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.
- Our Branch obeys "Hong Kong Branch Liquidity Management Policy", and other related regulations from our Head office to manage the liquidity risk.
- 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 32% in order for the Branch to retain sufficient liquidity during its normal course of operation.

B. Management Mechanism of liquidity risk management

- Asset and Liability Committee ("ALCO") is mainly responsible for the liquidity risk management in our Branch.
- 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-18	31-Dec-17
A. Capital adequacy ratio	13.77%	13.55%
Figures in HKD Thousand		
B. Aggregate amount of shareholders' funds	31,675,684	32,244,501

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-18	31-Dec-17
Total assets	460,563,544	456,628,769
Total liabilities	417,731,974	413,683,508
Total advances	255,827,689	246,666,513
Total customer deposit	370,248,604	369,633,749
	Year to 30-Jun-18	Year to 30-Jun-17
Income / (loss) before income tax	2,884,021	2,726,423
Less: Income tax expenses	(613,540)	(585,481)
Consolidated income	2,270,481	2,140,942
Belong to:		
Stockholders of the parent company	1,706,365	1,449,146
Minority interest in subsidiaries	564,116	119,575
	2,270,481	1,568,721

The applied exchange rate of TWD to HKD on :

2018/6/30	3.8970
2017/12/31	3.7963
2017/06/30	3.8967

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 2018. We confirmed that the information contained therein complies, in all material respects, with the supervisory policy manual CA-D-1 "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 WEI RU HUNG

Deputy Executive Vice President

The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch

28-Sep-18

Date