

The Shanghai Commercial & Savings Bank Ltd.  
Hong Kong Branch

Key Financial Information Disclosure Statement  
For the year ended 31 Dec 2016

**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT  
FOR THE YEAR ENDED 31 Dec 2016**

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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-16**

Figures in HKD Thousand

For the year ended	31-Dec-16	31-Dec-15
Interest income	109,203	95,024
Interest expenses	(29,218)	(31,808)
Net interest income	<u>79,985</u>	<u>63,216</u>
Other operating income		
Gain less losses arising from trading in foreign currencies	16,970	13,042
Gains less losses on securities held for trading purposes	(10)	0
Gains less losses from other trading activities	0	2,633
Net fee and commission income		
- Fee and commission income	20,856	19,799
- Fee and commission expenses	(890)	(911)
Others	0	70
	<u>36,926</u>	<u>34,633</u>
<b>Total Income</b>	<b>116,911</b>	<b>97,849</b>
Operating expenses		
Staff and rental expenses	(22,647)	(21,550)
Other expenses (less fees and commission expenses)	(9,025)	(8,853)
<b>Total expenses</b>	<u>(31,672)</u>	<u>(30,403)</u>
Impairment losses and provisions for impaired loans and receivable	(261)	(10,743)
Gain less losses from the disposal of property plant and equipment and investment properties	0	0
<b>Profit before taxation</b>	<u>84,978</u>	<u>56,703</u>
Taxation charge	(11,937)	(12,360)
<b>Profit after taxation</b>	<u>73,041</u>	<u>44,343</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-16**

Figures in HKD Thousand

As at	31-Dec-16	30-Jun-16
<b>ASSETS</b>		
Cash and balances with banks (except those included in amount due from overseas offices)	2,860,153	4,504,969
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	1,705,320	1,594,582
Amount due from overseas offices	157,621	134,351
Trade bills less impairment allowances	51,108	143,346
Loans and advances less impairment allowances	1,656,306	1,435,939
Certificates of deposit held	0	0
Available for sale debt securities less impairment allowances	323,237	321,491
Held to maturity debt securities	0	0
Other assets		
- accrued interest	20,498	11,095
- other accounts	11,235	13,329
Property, plant and equipment	16,539	16,226
<b>TOTAL ASSETS</b>	<b>6,802,017</b>	<b>8,175,328</b>
<b>LIABILITIES</b>		
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	93,474	90,704
- Savings deposits	2,872,539	4,606,488
- Time deposits	3,113,416	3,199,655
Amount due to overseas offices	628,893	225,021
Other amounts and provisions	23,613	21,334
<b>TOTAL LIABILITIES</b>	<b>6,731,935</b>	<b>8,143,202</b>
<b>Reserves and current profit / (loss)</b>	<b>70,082</b>	<b>32,126</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,802,017</b>	<b>8,175,328</b>

### III. SUPPLEMENTARY FINANCIAL INFORMATION

#### 1. TRADE BILLS AND IMPAIRMENT ALLOWANCES ON TRADE BILLS

Figures in HKD Thousand

As at	31-Dec-16	30-Jun-16
Trade bills	51,885	144,794
Collective impairment allowances	(777)	(1,448)
Gross trade bills less impairment allowances	<u>51,108</u>	<u>143,346</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-16	30-Jun-16
Advances to customers	1,393,458	1,243,790
Advances to banks and other financial institutions	293,054	221,393
Total	<u>1,686,512</u>	<u>1,465,183</u>

Collective impairment allowances	(26,118)	(26,528)
Individual impairment allowances	(4,088)	(2,716)
Total	<u>(30,206)</u>	<u>(29,244)</u>

Gross advances less impairment allowances	<u>1,656,306</u>	<u>1,435,939</u>
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Allowances as a percentage of gross advances		
- Collective impairment allowances	1.55%	1.81%
- Individual impairment allowances	0.24%	0.19%
Total	<u>1.79%</u>	<u>2.00%</u>

##### B. Impairment allowances

	Individual impairment allowances	Collective impairment allowances	Total
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>

	Individual impairment allowances	Collective impairment allowances	Total
Balance as at 30- Jun-16			
- Advances to customers	2,716	24,220	26,936
- Advances to banks and other financial institutions	0	2,308	2,308
	<u>2,716</u>	<u>26,528</u>	<u>29,244</u>

##### C. Impaired advances to customers

As at	31-Dec-16	30-Jun-16
- Gross impaired advances to customers *	16,353	10,862
- Individual impairment allowances	(4,088)	(2,716)
Total	<u>12,265</u>	<u>8,146</u>

Market value of collateral pledged	0	0
Covered portion of impaired advances	0	0
Uncovered portion of impaired advances	<u>16,353</u>	<u>10,862</u>

Gross impaired advances as a percentage of gross advances to	0.97%	0.74%
Individual impairment allowances as a percentage of gross impaired	<u>25.00%</u>	<u>25.00%</u>

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-16 and 30-Jun-16.

\* The advances have been offset by pledged deposits.

##### D. Overdue and rescheduled advances to customers

As at	31-Dec-16	30-Jun-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
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Market value of collateral held against the covered portion of all overdue advances	0	0
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Covered portion of all overdue advances	0	0
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Uncovered portion of all overdue advances *	0	0
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b. Rescheduled advances to customers (Net of those overdue advances which have been disclosed in above)	<u>16,353</u>	<u>10,862</u>
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As a percentage of total gross advances to customers  
31-Dec-16 30-Jun-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%
	<u>0.00%</u>	<u>0.00%</u>
b. Rescheduled advances to customers	<u>0.97%</u>	<u>0.74%</u>

\* 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-16	30-Jun-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 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	<u>0</u>	<u>0</u>

There were no advances to banks and other financial institutions which were overdue or rescheduled as at 31-Dec-16 and 30-Jun-16.

F. Repossessed assets

As at 31-Dec-16 and 30-Jun-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	31-Dec-16	30-Jun-16
Floating rate notes	16,441	17,449
Debt securities	<u>306,796</u>	<u>304,042</u>
Total	<u>323,237</u>	<u>321,491</u>
Issued by:		
Bank in Hong Kong	16,441	35,080
Bank outside Hong Kong	34,951	40,916
Non Bank in Hong Kong	206,652	140,431
Non Bank outside Hong Kong	<u>65,193</u>	<u>105,064</u>
Total	<u>323,237</u>	<u>321,491</u>
Impairment allowances	0	0
Available for sale securities less impairment allowances	<u>323,237</u>	<u>321,491</u>
Impairment allowances as a percentage of available for sale securities	<u>0%</u>	<u>0%</u>

#### B. Held-to-maturity securities

	31-Dec-16	30-Jun-16
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

Balance as at 31-Dec-16		
- Neither overdue nor impaired	0	0
- Non-overdue but impaired	0	0
- Overdue and impaired	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>
Balance as at 30-Jun-16		
- Neither overdue nor impaired	0	0
- Non-overdue but impaired	0	0
- Overdue and impaired	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

#### D. Other accounts

As at	31-Dec-16	30-Jun-16
Deposits in advanced	2,608	2,608
Prepaid expenses	1,928	1,831
Others	<u>140,616</u>	<u>8,890</u>
Total	<u>145,152</u>	<u>13,329</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-16	30-Jun-16
Direct credit substitutes	268,695	276,834
Trade-related contingencies		
- customer's liabilities under letter of credit	93,304	86,408
- customer's liabilities under guarantee	0	0
- customer's liabilities under acceptance	22,237	51,936
Forward forward deposits placed	0	0
Other commitments		
- other commitments within an original maturity of not more than one	1,409,417	1,402,942
- other commitments within an original maturity of more than one	270,824	368,763
	<u>1,680,241</u>	<u>1,771,705</u>

##### B. Derivative financial instruments

As at	31-Dec-16		30-Jun-16	
	Contract/notional amount	Contract/notional amount	Contract/notional amount	Contract/notional amount
- exchange rate contracts	409,120		369,403	
- interest rate swap contracts	0		0	
	<u>409,120</u>		<u>369,403</u>	
Replacement costs of derivatives (of the above derivatives)		Replacement costs		Replacement costs
- exchange rate contracts		5,206		7,117
- interest rate swap contracts		0		0
		<u>5,206</u>		<u>7,117</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-16		30-Jun-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	0	0	0	0
- property investment	31,381	31,381	22,292	22,292
- financial concerns	200,541	0	38,500	0
- stockbrokers	50,000	0	33,298	0
- wholesale and retail trade	163,668	155,408	151,642	150,276
- manufacturing	90,233	68,120	23,313	1,559
- transport and transport equipment	159,673	34,673	67,522	42,522
- recreational activities	0	0	0	0
- information technology	0	0	0	0
- others	91,122	0	51,741	12,948
	<u>786,618</u>	<u>289,582</u>	<u>388,308</u>	<u>229,597</u>
b. Individuals				
- loans for the purchase of other residential properties	8,376	8,376	8,838	8,838
- credit card advances	0	0	0	0
- Others	2,524	1,806	2,621	1,311
	<u>10,900</u>	<u>10,182</u>	<u>11,459</u>	<u>10,149</u>
2 Trade finance	183,638	43,361	157,509	36,840
3 Loan for use outside Hong Kong	705,356	184,908	907,907	323,573
Total	<u>1,686,512</u>	<u>528,033</u>	<u>1,465,183</u>	<u>600,159</u>

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

As at	31-Dec-16		30-Jun-16	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances
-Loan for use outside Hong Kong	0	2,714	0	2,716
- Trade Finance	0	1,374	0	0
	<u>0</u>	<u>4,088</u>	<u>0</u>	<u>0</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-16	Outstanding	ances overdue for	ances overdue for	Impaired advances	ividual impairment
	balance	over 1-3 months	over three months		allowances
- 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>

As at 30-Jun-16	Outstanding	ances overdue for	ances overdue for	Impaired advances	ividual impairment
	balance	over 1-3 months	over three months		allowances
- Hong Kong	662,671	0	0	0	0
- Taiwan	326,622	0	0	0	0
- China	215,004	0	0	0	2,716
- others	260,886	0	0	0	0
	<u>1,465,183</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,716</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-16	Banks	Official sector	Non-bank financial	Non-financial private sector	Others	Total
	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>
As at 30-Jun-16	Banks	Official sector	Non-bank financial	Non-financial private sector	Others	Total
Offshore centres						
- Hong Kong SAR	883	27	0	559	0	1,469
Developing Asia and Pacific						
- China	272	52	0	163	0	487
- Taiwan	2,545	0	15	20	0	2,580
	<u>3,700</u>	<u>79</u>	<u>15</u>	<u>742</u>	<u>0</u>	<u>4,536</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-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 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 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,366	1,448	2,814
Total	1,512	1,465	2,977
Total assets after provision			6,802
On-balance sheet exposures as percentage of total assets			22.23%

As at 30-Jun-16	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	50	40	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 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	585	1,227	1,812
Total	844	1,267	2,111
Total assets after provision			8,175
On-balance sheet exposures as percentage of total assets			10.32%

## 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-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)

As at 30-Jun-16	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	6,871	4	103	182	730	2	1	7,893
Spot liabilities	(7,142)	(4)	(128)	(74)	(639)	(11)	(1)	(7,999)
Forward purchases	369	0	79	1	2	9	0	460
Forward sales	(94)	0	(53)	(109)	(94)	0	0	(350)
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	4	0	1	0	(1)	0	0	4

## 9. LIQUIDITY MANAGEMENT RATIO AVERAGE LIQUIDITY RATIO

For the year ended	31-Dec-16	30-Jun-16
The average liquidity maintenance ratio for the period	<u>41.44%</u>	<u>41.77%</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

### 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-16	31-Dec-15
Persons	10	9

Figures in HKD Thousand

For the year ended	31-Dec-16	31-Dec-15
Basis salaries, allowances and benefits	4,338	4,713
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**

	31-Dec-16	30-Jun-16
A. Capital adequacy ratio	<u>13.24%</u>	<u>13.76%</u>

Figures in HKD Thousand	31-Dec-16	30-Jun-16
B. Aggregate amount of shareholders' funds	<u>28,940,547</u>	<u>27,586,622</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-16	30-Jun-16
Total assets	<u>396,391,612</u>	<u>390,991,297</u>
Total liabilities	<u>357,151,648</u>	<u>353,803,946</u>
Total advances	<u>206,726,545</u>	<u>198,265,458</u>
Total customer deposit	<u>325,751,553</u>	<u>315,888,298</u>
	Year to 31-Dec-16	Year to 31-Dec-15
Income / (loss) before income tax	4,626,107	4,446,164
Less: Income tax expenses	(988,575)	(866,156)
Consolidated income	<u>3,637,532</u>	<u>3,580,008</u>
Belong to:		
Stockholders of the parent company	2,827,857	2,802,957
Minority interest in subsidiaries	809,675	777,051
	<u>3,637,532</u>	<u>3,580,008</u>

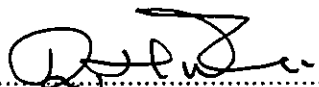
The applied exchange rate of TWD to HKD on:

2016/12/31	4.1545
2016/6/30	4.1625
2015/12/31	4.2448

## 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 2016. 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)

Mr WEI RU HUNG

Deputy Executive Vice President

The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch

30-Mar-17

Date