

The Shanghai Commercial & Savings Bank Ltd.  
Hong Kong Branch

Key Financial Information Disclosure Statement  
For the year ended 31 Dec 2017

**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT  
FOR THE YEAR ENDED 31 Dec 2017**

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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-17

Figures in HKD Thousand

For the year ended	31-Dec-17	31-Dec-16
Interest income	139,145	109,203
Interest expenses	(40,427)	(29,218)
Net interest income	<u>98,718</u>	<u>79,985</u>
Other operating income		
Gain less losses arising from trading in foreign currencies	10,360	16,970
Gains less losses on securities held for trading purposes	(3)	(10)
Net fee and commission income		
- Fee and commission income	18,939	20,856
- Fee and commission expenses	(991)	(890)
Others	111	0
	<u>28,416</u>	<u>36,926</u>
<b>Total Income</b>	<b>127,134</b>	<b>116,911</b>
Operating expenses		
Staff and rental expenses	(26,662)	(22,647)
Other expenses (less fees and commission expenses)	(9,464)	(9,025)
<b>Total expenses</b>	<b>(36,126)</b>	<b>(31,672)</b>
Impairment losses and provisions for impaired loans and receivable	(33,733)	(261)
Gain less losses from the disposal of property plant and equipment and investment properties	0	0
<b>Profit before taxation</b>	<b>57,275</b>	<b>84,978</b>
Taxation charge	(14,690)	(11,937)
<b>Profit after taxation</b>	<b><u>42,585</u></b>	<b><u>73,041</u></b>

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-17

Figures in HKD Thousand

As at	31-Dec-17	30-Jun-17
<b>ASSETS</b>		
Cash and balances with banks (except those included in amount due from overseas offices)	3,018,676	2,703,021
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	330,409	1,297,974
Amount due from overseas offices	96,331	49,368
Trade bills less impairment allowances	123,258	57,096
Loans and advances less impairment allowances	2,762,925	2,068,452
Certificates of deposit held		0
Available for sale debt securities less impairment allowances	232,756	265,145
Held to maturity debt securities	0	0
Other assets		
- accrued interest	16,960	16,560
- other accounts	100,429	123,271
Property, plant and equipment	18,072	15,644
<b>TOTAL ASSETS</b>	<b>6,699,816</b>	<b>6,596,531</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	109,318	104,200
- Savings deposits	2,797,945	3,840,774
- Time deposits	2,532,140	2,201,741
Amount due to overseas offices	1,029,210	348,578
Amount due to other bank outside Hong Kong	172,314	54,638
Other amounts and provisions	18,967	23,522
<b>TOTAL LIABILITIES</b>	<b>6,659,894</b>	<b>6,573,453</b>
<b>Reserves and current profit / (loss)</b>	<b>39,922</b>	<b>23,078</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,699,816</b>	<b>6,596,531</b>

### III. SUPPLEMENTARY FINANCIAL INFORMATION

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

Figures in HKD Thousand

As at	31-Dec-17	30-Jun-17
Trade bills	125,135	57,965
Collective impairment allowances	(1,877)	(869)
Gross trade bills less impairment allowances	<u>123,258</u>	<u>57,096</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-17	30-Jun-17
Advances to customers	2,120,526	1,834,928
Advances to banks and other financial institutions	697,858	274,108
Total	<u>2,818,384</u>	<u>2,109,036</u>

Collective impairment allowances	(42,496)	(30,435)
Individual impairment allowances	(12,963)	(10,149)
Total	<u>(55,459)</u>	<u>(40,584)</u>

Gross advances less impairment allowances	<u>2,762,925</u>	<u>2,068,452</u>
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##### Allowances as a percentage of gross advances

- Collective impairment allowances	1.51%	1.44%
- Individual impairment allowances	0.46%	0.48%
Total	<u>1.97%</u>	<u>1.92%</u>

##### B. Impairment allowances

	Individual impairment allowances	Collective impairment allowances	Total
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>

	Individual impairment allowances	Collective impairment allowances	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>

##### C. Impaired advances to customers

As at	31-Dec-17	30-Jun-17
- Gross impaired advances to customers *	25,924	33,243
- Individual impairment allowances	(12,963)	(10,149)
Total	<u>12,961</u>	<u>23,094</u>

Market value of collateral pledged	0	0
Covered portion of impaired advances	0	0
Uncovered portion of impaired advances	<u>25,924</u>	<u>33,243</u>

Gross impaired advances as a percentage of gross advances to customers	0.92%	1.58%
Individual impairment allowances as a percentage of gross impaired	<u>50.00%</u>	<u>30.53%</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-17 and 30-Jun-17.

\* The advances have been offset by pledged deposits.

D. Overdue and rescheduled advances to customers

As at	31-Dec-17	30-Jun-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 (Net of those overdue advances which have been disclosed in above)	25,924	25,891

As a percentage of total gross advances to customers

	31-Dec-17	30-Jun-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	0.92%	1.23%

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

F. Repossessed assets

As at 30-Jun-17 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	31-Dec-17	30-Jun-17
Floating rate notes	-	17,834
Debt securities	232,756	247,311
Total	232,756	265,145
Issued by:		
Bank in Hong Kong	0	0
Bank outside Hong Kong	0	17,834
Non Bank in Hong Kong	163,706	180,389
Non Bank outside Hong Kong	69,051	66,922
Total	232,757	265,145
Impairment allowances	0	0
Available for sale securities less impairment allowances	232,757	265,145
Impairment allowances as a percentage of available for sale securities	0%	0%

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

	31-Dec-17	30-Jun-17
Debt securities	0	0
Issued by:		
Other financial institutions outside Hong Kong	0	0

#### C. Overdue or impaired securities

	31-Dec-17	30-Jun-17
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
Balance as at 30-Jun-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	31-Dec-17	30-Jun-17
Deposits in advanced	2,608	2,607
Prepaid expenses	859	1,967
Others	96,962	118,697
Total	100,429	123,271

#### 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-17	30-Jun-17
Direct credit substitutes	293,353	282,753
Trade-related contingencies		
- customer's liabilities under letter of credit	87,937	84,366
- customer's liabilities under guarantee	0	0
- customer's liabilities under acceptance	47,464	30,293
Forward deposits placed		
Other commitments		
- other commitments within an original maturity of not more than one year	2,710,820	1,280,273
- other commitments within an original maturity of more than one year	463,595	603,987
	<u>3,174,415</u>	<u>1,884,260</u>

##### B. Derivative financial instruments

As at	31-Dec-17	30-Jun-17
	Contract/notional amount	contract/notional amount
- exchange rate contracts	924,382	592,434
- interest rate swap contracts	0	0
	<u>924,382</u>	<u>592,434</u>
Replacement costs of derivatives (of the above derivatives)	Replacement costs	placement costs
- exchange rate contracts	3,196	1,553
- interest rate swap contracts	0	0
	<u>3,196</u>	<u>1,553</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)

Figures in HKD Thousand

### A. By loan usage

As at	31-Dec-17		30-Jun-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	479,945	246,580	365,280	0
- property investment	63,637	63,637	79,273	29,273
- financial concerns	289,604	0	278,998	0
- stockbrokers	35,703	0	30,234	0
- wholesale and retail trade	49,159	45,603	91,961	89,464
- manufacturing	385,816	232,304	149,579	55,277
- transport and transport equipment	160,770	39,770	190,806	37,806
- others	39,079	0	54,638	0
	1,503,713	627,894	1,240,769	211,820
b. Individuals				
- loans for the purchase of other residential properties			7,915	7,915
- Others	1,362	946	1,420	986
	1,362	946	9,335	8,901
2. Trade finance	162,672	45,084	188,267	42,806
3. Loan for use outside Hong Kong	1,150,637	370,959	670,665	189,621
Total	2,818,384	1,044,883	2,109,036	453,148

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

As at	31-Dec-17		30-Jun-17	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances
- Loan for use outside Hong Kong	0	10,193	0	5,090
- Trade Finance	0	2,770	0	5,059
	0	12,963	0	10,149

### 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		Individual impairment
		overdue for over 1-3	overdue for over three	
As at 31-Dec-17				
- Hong Kong	1,498,862	0	0	5,471
- Taiwan	167,127	0	0	2,770
- China	576,216	0	0	0
- others	576,179	0	0	4,722
	2,818,384	0	0	12,963
As at 30-Jun-17				
- Hong Kong	1,372,299	0	0	2,732
- Taiwan	206,916	0	0	5,059
- China	149,069	0	0	0
- others	380,752	0	0	2,358
	2,109,036	0	0	10,149

## 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-17

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

As at 30-Jun-17

	Banks	Official sector	Non-bank financial institutions	Non-financial private	Others	Total
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>

## 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-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 joint ventures (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	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%

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 joint ventures (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 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	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	<u>1,565</u>	<u>1,719</u>	<u>3,284</u>

Total assets after provision

6,596

On-balance sheet exposures as percentage of total assets

23.73%

## 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-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)

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

## 9. LIQUIDITY MANAGEMENT RATIO

### AVERAGE LIQUIDITY RATIO

For the year ended

31-Dec-17

The average liquidity maintenance ratio for the period

41.40%

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-17	31-Dec-16
Persons	9	10

Figures in HKD Thousand  
For the year ended

	31-Dec-17	31-Dec-16
Basis salaries, allowances and benefits	5,310	4,338
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-17	30-Jun-17
A. Capital adequacy ratio	13.55%	12.87%

Figures in HKD Thousand

	31-Dec-17	30-Jun-17
B. Aggregate amount of shareholders' funds	32,244,501	30,734,144

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-17	30-Jun-17
Total assets	456,628,769	435,357,130
Total liabilities	413,683,508	393,918,571
Total advances	246,666,513	232,138,482
Total customer deposit	369,633,749	351,996,201
	Year to 31-Dec-17	Year to 31-Dec-16
Income / (loss) before income tax	5,586,723	4,626,107
Less: Income tax expenses	(1,209,049)	(988,575)
Consolidated income	4,377,674	3,637,532
Belong to:		
Stockholders of the parent company	3,262,447	2,827,857
Minority interest in subsidiaries	1,115,227	809,675
	4,377,674	3,637,532

The applied exchange rate of TWD to HKD on :

2017/12/31	3.7963
2017/06/30	3.8967
2016/12/31	4.1545

## 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 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.



Mr WEI RU HUNG

Deputy Executive Vice President

The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch

23-Mar-18

Date