

The Shanghai Commercial & Savings Bank Ltd.  
Hong Kong Branch

Key Financial Information Disclosure Statement  
For the half year ended 30 June 2016

**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT  
FOR THE HALF YEAR ENDED 30 JUNE 2016**

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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-16**

Figures in HKD Thousand

| For the half year ended   | 30-Jun-16       | 30-Jun-15       |
|---|-----------------|-----------------|
| Interest income   | 48,805          | 49,527          |
| Interest expenses   | (13,702)        | (18,462)        |
| Net interest income   | <u>35,103</u>   | <u>31,065</u>   |
| Other operating income  |                 |                 |
| Gain less losses arising from trading in foreign currencies                       | 7,308           | 5,763           |
| Gains less losses on securities held for trading purposes                         | (3)             | 0               |
| Gains less losses from other trading activities                                   | 0               | 0               |
| Net fee and commission income   |                 |                 |
| - Fee and commission income   | 10,610          | 10,730          |
| - Fee and commission expenses   | (431)           | (376)           |
| Others  | 0               | 40              |
|   | <u>17,484</u>   | <u>16,157</u>   |
| <b>Total Income</b>   | <b>52,587</b>   | <b>47,222</b>   |
| Operating expenses  |                 |                 |
| Staff and rental expenses   | (10,902)        | (10,668)        |
| Other expenses (less fees and commission expenses)                                | (4,058)         | (3,587)         |
| <b>Total expenses</b>   | <u>(14,960)</u> | <u>(14,255)</u> |
| Impairment losses and provisions for impaired loans and receivable                | 0               | (6,123)         |
| Gain less losses from the disposal of property plant and equipment and investment | 0               | 0               |
| <b>Profit before taxation</b>   | <u>37,627</u>   | <u>26,844</u>   |
| Taxation charge   | (6,173)         | (5,281)         |
| <b>Profit after taxation</b>  | <u>31,454</u>   | <u>21,563</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-16

Figures in HKD Thousand

| As at  | 30-Jun-16        | 31-Dec-15        |
|--|------------------|------------------|
| <b>ASSETS</b>  |                  |                  |
| Cash and balances with banks (except those included in amount due from overseas  | 4,504,969        | 2,217,400        |
| Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices) | 1,594,582        | 1,595,671        |
| Amount due from overseas offices   | 134,351          | 517,871          |
| Trade bills less impairment allowances   | 143,346          | 174,984          |
| Loans and advances less impairment allowances  | 1,435,939        | 1,341,449        |
| Certificates of deposit held   |                  | 0                |
| Available for sale debt securities less impairment allowances  | 321,491          | 361,603          |
| Held to maturity debt securities   | 0                | 0                |
| Other assets   |                  |                  |
| - accrued interest   | 11,095           | 10,441           |
| - other accounts   | 13,329           | 8,555            |
| Property, plant and equipment  | 16,226           | 16,414           |
| <b>TOTAL ASSETS</b>  | <b>8,175,328</b> | <b>6,244,388</b> |
| <b>LIABILITIES</b>   |                  |                  |
| Deposits and balances of banks and other financial institutions (except those included in amount due to overseas office)                                 | 0                | 59,279           |
| Current, fixed, savings and other deposits from customers  |                  |                  |
| - Demand deposits and current accounts   | 90,704           | 86,380           |
| - Savings deposits   | 4,606,488        | 2,990,621        |
| - Time deposits  | 3,199,655        | 2,793,128        |
| Amount due to overseas offices   | 225,021          | 255,046          |
| Other amounts and provisions   | 21,334           | 17,947           |
| <b>TOTAL LIABILITIES</b>   | <b>8,143,202</b> | <b>6,202,401</b> |
| <b>Reserves and current profit / (loss)</b>  | <b>32,126</b>    | <b>41,987</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>8,175,328</b> | <b>6,244,388</b> |

### III. SUPPLEMENTARY FINANCIAL INFORMATION

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

Figures in HKD Thousand

| As at  | 30-Jun-16      | 31-Dec-15      |
|--|----------------|----------------|
| Trade bills                                  | 144,794        | 176,752        |
| Collective impairment allowances             | <u>(1,448)</u> | <u>(1,768)</u> |
| Gross trade bills less impairment allowances | <u>143,346</u> | <u>174,984</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-16        | 31-Dec-15        |
|--|------------------|------------------|
| Advances to customers                              | 1,243,790        | 1,181,143        |
| Advances to banks and other financial institutions | <u>221,393</u>   | <u>192,941</u>   |
| Total  | <u>1,465,183</u> | <u>1,374,084</u> |
| Collective impairment allowances                   | (26,528)         | (32,635)         |
| Individual impairment allowances                   | <u>(2,716)</u>   | <u>0</u>         |
| Total  | <u>(29,244)</u>  | <u>(32,635)</u>  |
| Gross advances less impairment allowances          | <u>1,435,939</u> | <u>1,341,449</u> |
| Allowances as a percentage of gross advances       |                  |                  |
| - Collective impairment allowances                 | 1.81%            | 2.38%            |
| - Individual impairment allowances                 | <u>0.19%</u>     | <u>0%</u>        |
| Total  | <u>2.00%</u>     | <u>2.38%</u>     |

##### B. Impairment allowances

|  | Individual impairment allowances | Collective impairment allowances | Total         |
|--|----------------------------------|----------------------------------|---------------|
| Balance as at 30-June-16                             |                                  |                                  |               |
| - Advances to customers                              | 2,716                            | 24,220                           | 26,936        |
| - Advances to banks and other financial institutions | <u>0</u>                         | <u>2,308</u>                     | <u>2,308</u>  |
|  | <u>2,716</u>                     | <u>26,528</u>                    | <u>29,244</u> |
| Balance as at 31-Dec-15                              |                                  |                                  |               |
| - Advances to customers                              | 0                                | 30,706                           | 30,706        |
| - Advances to banks and other financial institutions | <u>0</u>                         | <u>1,929</u>                     | <u>1,929</u>  |
|  | <u>0</u>                         | <u>32,635</u>                    | <u>32,635</u> |

##### C. Impaired advances to customers

| As at   | 30-Jun-16      | 31-Dec-15    |
|---|----------------|--------------|
| - Gross impaired advances to customers *                                    | 10,862         | 0            |
| - Individual impairment allowances  | <u>(2,716)</u> | <u>0</u>     |
| Total   | <u>8,146</u>   | <u>0</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>10,862</u>  | <u>0</u>     |
| Gross impaired advances as a percentage of gross advances to customers      | 0.74%          | 0.00%        |
| Individual impairment allowances as a percentage of gross impaired advances | <u>25.00%</u>  | <u>0.00%</u> |

There were no impaired advances to banks and other financial institutions; nor were there any individual impairment allowances made for them as at 30-Jun-16 and 31-Dec-15.

\* The advances have been offset by pledged deposits.

D. Overdue and rescheduled advances to customers

| As at  | 30-Jun-16 | 31-Dec-15 |
|--|-----------|-----------|
| 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<br>(Net of those overdue advances which have been disclosed in above) | 10,862    | 0         |
| As a percentage of total gross advances to customers   |           |           |
|  | 30-Jun-16 | 31-Dec-15 |
| 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   | 0.74%     | 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:

|   | 30-Jun-16 | 31-Dec-15 |
|---|-----------|-----------|
| 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 interest 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-16 and 31-Dec-15.

F. Repossessed assets

As at 30-Jun-16 and 31-Dec-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  | 30-Jun-16 | 31-Dec-15 |
|--|-----------|-----------|
| Floating rate notes  | 17,449    | 45,847    |
| Debt securities  | 304,042   | 315,756   |
| Total  | 321,491   | 361,603   |
| Issued by:   |           |           |
| Bank in Hong Kong  | 35,080    | 34,987    |
| Bank outside Hong Kong   | 40,916    | 96,843    |
| Non Bank in Hong Kong  | 140,431   | 97,973    |
| Non Bank outside Hong Kong   | 105,064   | 131,800   |
| Total  | 321,491   | 361,603   |
| Impairment allowances  | 0         | 0         |
| Available for sale securities less impairment allowances               | 321,491   | 361,603   |
| Impairment allowances as a percentage of available for sale securities | 0%        | 0%        |

|  |           |           |
|--|-----------|-----------|
| B. Held-to-maturity securities                 |           |           |
| Debt securities                                | 0         | 0         |
| Issued by:                                     |           |           |
| Other financial institutions outside Hong Kong | 0         | 0         |
| C. Overdue or impaired securities              |           |           |
|  | 0         | 0         |
| Balance as at 30-Jun-16                        |           |           |
| - 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-15                        |           |           |
| - 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-16 | 31-Dec-15 |
| Deposits in advanced                           | 2,608     | 2,038     |
| Prepaid expenses                               | 1,831     | 1,438     |
| Others   | 8,890     | 5,079     |
| Total  | 13,329    | 8,555     |

#### 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-16        | 31-Dec-15        |
|---|------------------|------------------|
| Direct credit substitutes   | 276,834          | 189,463          |
| Trade-related contingencies   |                  |                  |
| - customer's liabilities under letter of credit                           | 86,408           | 76,930           |
| - customer's liabilities under guarantee                                  | 0                | 0                |
| - customer's liabilities under acceptance                                 | 51,936           | 30,258           |
| Forward deposits placed   | 0                | 0                |
| Other commitments   |                  |                  |
| - other commitments within an original maturity of not more than one year | 1,402,942        | 1,018,080        |
| - other commitments within an original maturity of more than one year     | 368,763          | 115,940          |
|   | <u>1,771,705</u> | <u>1,134,020</u> |

##### B. Derivative financial instruments

| As at                          | 30-Jun-16                | 31-Dec-15                |
|--------------------------------|--------------------------|--------------------------|
|                                | Contract/notional amount | Contract/notional amount |
| - exchange rate contracts      | 369,403                  | 335,508                  |
| - interest rate swap contracts | 0                        | 0                        |
|                                | <u>369,403</u>           | <u>335,508</u>           |

| Replacement costs of derivatives (of the above derivatives) | Replacement costs | Replacement costs |
|---|-------------------|-------------------|
| - exchange rate contracts                                   | 7,117             | 2,171             |
| - interest rate swap contracts                              | 0                 | 0                 |
|   | <u>7,117</u>      | <u>2,171</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-16               |                               | 31-Dec-15               |                               |
|--|-------------------------|-------------------------------|-------------------------|-------------------------------|
|  | Outstanding balance     | Balance covered by collateral | Outstanding balance     | Balance covered by collateral |
| <b>1. Loan and advances for use in Hong Kong</b>         |                         |                               |                         |                               |
| <b>a. Industrial, commercial and financial</b>           |                         |                               |                         |                               |
| - property development                                   | 0                       | 0                             | 50,000                  | 0                             |
| - property investment                                    | 22,292                  | 22,292                        | 23,072                  | 23,072                        |
| - financial concerns                                     | 38,500                  | 0                             | 38,500                  | 0                             |
| - stockbrokers   | 33,298                  | 0                             | 19,376                  | 0                             |
| - wholesale and retail trade                             | 151,642                 | 150,276                       | 0                       | 0                             |
| - manufacturing  | 23,313                  | 1,559                         | 28,862                  | 1,736                         |
| - transport and transport equipment                      | 67,522                  | 42,522                        | 41,762                  | 0                             |
| - recreational activities                                | 0                       | 0                             | 0                       | 0                             |
| - information technology                                 | 0                       | 0                             | 0                       | 0                             |
| - others   | 51,741                  | 12,948                        | 38,752                  | 0                             |
|  | <u>388,308</u>          | <u>229,597</u>                | <u>240,324</u>          | <u>24,808</u>                 |
| <b>b. Individuals</b>                                    |                         |                               |                         |                               |
| - loans for the purchase of other residential properties | 8,838                   | 8,838                         | 11,942                  | 10,582                        |
| - credit card advances                                   | 0                       | 0                             | 0                       | 0                             |
| - Others   | 2,621                   | 1,311                         | 22,983                  | 22,983                        |
|  | <u>11,459</u>           | <u>10,149</u>                 | <u>34,925</u>           | <u>33,565</u>                 |
| <b>2. Trade finance</b>                                  | <b>157,509</b>          | <b>36,840</b>                 | <b>422,883</b>          | <b>310,157</b>                |
| <b>3. Loan for use outside Hong Kong</b>                 | <b>907,907</b>          | <b>323,573</b>                | <b>675,952</b>          | <b>188,843</b>                |
| <b>Total</b>   | <u><b>1,465,183</b></u> | <u><b>600,159</b></u>         | <u><b>1,374,084</b></u> | <u><b>557,373</b></u>         |

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

| As at                            | 30-Jun-16         |                                  | 31-Dec-15         |                       |
|----------------------------------|-------------------|----------------------------------|-------------------|-----------------------|
|                                  | Impaired advances | Individual impairment allowances | Impaired advances | Individual impairment |
| - Loan for use outside Hong Kong | 0                 | 2,716                            | 0                 | 0                     |
|                                  | <u>0</u>          | <u>2,716</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 30-Jun-16 | Outstanding<br>balance | Advances overdue<br>for over 1-3 months | Advances overdue<br>for over three months | Impaired advances | Individual impairment<br>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>                        |

| As at 31-Dec-15 | Outstanding<br>balance | Advances overdue<br>for over 1-3 months | Advances overdue<br>for over three months | Impaired advances | Individual impairment<br>allowances |
|-----------------|------------------------|---|---|-------------------|-------------------------------------|
| - Hong Kong     | 681,758                | 0                                       | 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>                            |

6. INTERNATIONAL CLAIMS DISCLOSURE

The following tables analyse cross-border by types of counterparties. Country or geographical classification is based upon the locations of counterparties after taking into account the transfer of country risk. They are prepared in according 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-16             | Banks        | Official sector | Non-bank financial<br>institutions | Non-financial<br>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> |

| As at 31-Dec-15             | Banks        | Official sector | Non-bank financial<br>institutions | Non-financial<br>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> |

## 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-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 use in mainland China | 585                        | 1,227                       | 1,812           |
| Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures                        | 141                        | 0                           | 141             |
| <b>Total</b>  | <b>844</b>                 | <b>1,267</b>                | <b>2,111</b>    |
| Total assets after provision  | <u>8,175</u>               |                             |                 |
| On-balance sheet exposures as percentage of total assets  | <u>10.33%</u>              |                             |                 |

| 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             |
| <b>Total</b>  | <b>815</b>                 | <b>880</b>                  | <b>1,695</b>    |
| Total assets after provision  | <u>6,244</u>               |                             |                 |
| On-balance sheet exposures as percentage of total assets  | <u>13.05%</u>              |                             |                 |

## 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-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 | <u>4</u> | <u>0</u> | <u>1</u> | <u>0</u> | <u>(1)</u> | <u>0</u> | <u>0</u> | <u>4</u> |

As at 31-Dec-15

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

## 9. LIQUIDITY MANAGEMENT RATIO

### AVERAGE LIQUIDITY MANAGEMENT RATIO

For the half year ended

30-Jun-16

The average liquidity maintenance ratio for the period

41.77%

The Branch's average liquidity management ratio for the period is the simple average of each calendar month's average liquidity management 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 year ended | 30-Jun-16 | 30-Jun-15 |
| Persons            | 9         | 9         |

#### Figures in HKD Thousand

|   |           |           |
|---|-----------|-----------|
| For the year ended                      | 30-Jun-16 | 30-Jun-15 |
| Basis salaries, allowances and benefits | 2,341     | 2,874     |
| 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 management ratio relative to the statutory minimum. Otherwise, the internal limit of liquidity management 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 | 30-Jun-16 | 31-Dec-15 |
|                           | 13.76%    | 14.03%    |

Figures in HKD Thousand

|  |           |           |
|--|-----------|-----------|
| B. Aggregate amount of shareholders' funds | 30-Jun-16 | 31-Dec-15 |
|  | 9,607,497 | 9,421,223 |

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-16   | 31-Dec-15   |
| Total assets           | 390,991,297 | 382,790,445 |
| Total liabilities      | 353,803,946 | 346,064,008 |
| Total advances         | 198,265,458 | 201,941,922 |
| Total customer deposit | 315,888,298 | 316,452,300 |

Half Year to 30-Jun-16    Half Year to 30-Jun-15

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Income / (loss) before income tax  | 2,214,559 | 2,418,995 |
| Less: Income tax expenses          | (474,011) | (455,898) |
| Consolidated income                | 1,740,548 | 1,963,098 |
| Belong to:                         |           |           |
| Stockholders of the parent company | 1,363,681 | 1,522,183 |
| Minority interest in subsidiaries  | 376,867   | 440,915   |
|                                    | 1,740,548 | 1,963,098 |

## 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 June 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 on 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-16

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Mr TSAI HUANG CHUNG

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Date

Deputy Executive Vice President

The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch