

# The Shanghai Commercial & Savings Bank Ltd. Hong Kong Branch

Key Financial Information Disclosure Statement  
For the half year ended 30 Jun 2023

# KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT FOR THE HALF YEAR ENDED 30 JUN 2023

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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-23**

Figures in HKD Thousand

For the half year ended	<u>30-Jun-23</u>	<u>30-Jun-22</u>
Interest income	238,125	88,635
Interest expenses	<u>(89,315)</u>	<u>(14,191)</u>
Net interest income	148,810	74,444
Other operating income		
Gain less losses arising from non-trading activities in foreign currencies	6,279	1,374
Income from investment held for trading	483	(21)
Income from non - trading investments	0	0
Net fee and commission income		
- Fee and commission income	17,322	17,893
- Fee and commission expenses	(599)	(562)
Profit/ (Loss) on sale of fixed assets	0	(128)
Others	58	378
	<u>23,543</u>	<u>18,934</u>
<b>Total Income</b>	172,353	93,378
Operating expenses		
Staff and rental expenses	(18,726)	(16,451)
Other expenses (less fees and commission expenses)	<u>(5,344)</u>	<u>(5,612)</u>
<b>Total expenses</b>	(24,070)	(22,063)
Net charge for debt provision	0	(54,819)
<b>Profit before taxation</b>	<u>148,283</u>	<u>16,496</u>
Taxation charge	(27,645)	(11,231)
<b>Profit after taxation</b>	<u>120,638</u>	<u>5,265</u>

**II. BALANCE SHEET INFORMATION AS AT 30 JUN-23**

Figures in HKD Thousand

As at	30-Jun-23	31-Dec-22
<b>ASSETS</b>		
Cash and balances with banks (except those included in amount due from overseas offices)	4,512,274	4,242,952
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	78,356	492,032
Amount due from overseas offices	239,543	4,458
Trade bills less impairment allowances	0	35,378
Loans and advances less impairment allowances	3,532,336	3,882,398
Financial assets at fair value through other comprehensive income securities less impairment allowances	934,353	798,948
Other assets		
- accrued interest	40,556	31,931
- other accounts	79,688	96,538
Property, plant and equipment	17,492	19,011
<b>TOTAL ASSETS</b>	<b>9,434,598</b>	<b>9,603,646</b>
<b>LIABILITIES</b>		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas office)	368,859	572,342
Current, fixed, savings and other deposits from customers		
- Demand deposits and current accounts	64,023	75,194
- Savings deposits	2,715,616	3,810,261
- Time deposits	5,086,866	4,049,510
NCD issued and outstanding	150,000	270,000
Amount due to overseas offices	851,465	766,297
Other amounts and provisions	105,688	65,883
<b>TOTAL LIABILITIES</b>	<b>9,342,517</b>	<b>9,609,487</b>
<b>Reserves and current profit / (loss)</b>	<b>92,081</b>	<b>(5,841)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,434,598</b>	<b>9,603,646</b>

### III. SUPPLEMENTARY FINANCIAL INFORMATION

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

Figures in HKD Thousand

As at	30-Jun-23	31-Dec-22
Trade bills	0	35,917
Collective impairment allowances	0	(539)
Gross trade bills less impairment allowances	0	35,378

#### 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-23	31-Dec-22
Advances to customers	2,689,006	3,087,202
Advances to banks and other financial institutions	1,045,527	1,008,115
Total	3,734,533	4,095,317
Collective impairment allowances	(42,454)	(42,518)
Individual impairment allowances	(145,107)	(155,769)
Total	(187,561)	(198,287)
Gross advances less impairment allowances	3,546,972	3,897,030
Allowances as a percentage of gross advances		
- Collective impairment allowances	1.14%	1.04%
- Individual impairment allowances	3.89%	3.80%
Total	5.02%	4.84%

##### B. Impairment allowances

	Individual impairment allowances	Collective impairment allowances	Total
Balance as at 30- Jun-23			
- Advances to customers	145,107	31,999	177,106
- Advances to banks and other financial institutions	0	10,455	10,455
	145,107	42,454	187,561
Balance as at 31- Dec-22			
- Advances to customers	155,769	32,437	188,206
- Advances to banks and other financial institutions	0	10,081	10,081
	155,769	42,518	198,287



C. Impaired advances to customers

As at	30-Jun-23	31-Dec-22
- Gross impaired advances to customers *	705,553	716,176
- Individual impairment allowances	(142,776)	(153,413)
Total	562,777	562,763
Market value of collateral pledged	0	0
Covered portion of impaired advances	0	0
Uncovered portion of impaired advances	705,553	716,176
Gross impaired advances as a percentage of gross advances to customers	18.89%	17.49%
Individual impairment allowances as a percentage of gross impaired advances	20.24%	21.42%

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-23 and 31-Dec-22.

\* The advances have been offset by pledged deposits.

D. Overdue and rescheduled advances to customers

As at	30-Jun-23	31-Dec-22
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	5,553	16,176
As a percentage of total gross advances to customers		
	30-Jun-23	31-Dec-22
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	0.15%	0.39%

\* The advances have been offset by pledged deposits and land.

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

	30-Jun-23	31-Dec-22
Advances to customers overdue for more than 1 month and up to 3 months	0	0
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-22 and 30-Jun-23.

F. Repossessed assets

As at 30-Jun-23 and 31-Dec-22, there were no repossessed assets held by our bank.

### 3. DEBT SECURITIES HELD AND OTHER ACCOUNTS

Figures in HKD Thousand

#### A. Financial assets at fair value through other comprehensive income

As at	30-Jun-23	31-Dec-22
Floating rate notes	343,256	379,921
Debt securities	591,097	419,027
Total	934,353	798,948
Issued by:		
Government organization	98,755	44,583
Banks	220,764	202,689
Corporate entities	614,834	551,676
Total	934,353	798,948
Impairment allowances	0	0
Financial assets at fair value through other comprehensive income securities less impairment allowances	934,353	798,948
Impairment allowances as a percentage of amortised cost securities	0%	0%

#### B. Overdue or impaired securities

Balance as at 30-Jun-23		
- 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-22		
- Neither overdue nor impaired	0	0
- Non-overdue but impaired	0	0
- Overdue and impaired	0	0
Total	0	0

#### C. Other accounts

As at	30-Jun-23	31-Dec-22
Deposits in advanced	3,782	3,744
Prepaid expenses	2,447	2,604
Others	73,459	90,190
Total	79,688	96,538



#### 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-23	31-Dec-22
Direct credit substitutes	1,345,662	1,371,041
Trade-related contingencies		
- customer's liabilities under letter of credit	102,898	88,676
- customer's liabilities under guarantee	0	0
- customer's liabilities under acceptance	25,182	9,184
Forward forward deposits placed	0	0
Other commitments		
- other commitments within an original maturity of not more than one year	1,192,892	1,616,089
- other commitments within an original maturity of more than one year	499,446	330,548
	<u>1,692,338</u>	<u>1,946,637</u>

##### B. Derivative financial instruments

As at	30-Jun-23	31-Dec-22
	Contract/notional amount	Contract/notional amount
- exchange rate contracts	235,067	350,876
- interest rate swap contracts	0	0
	<u>235,067</u>	<u>350,876</u>
Replacement costs of derivatives (of the above derivatives)	Replacement costs	Replacement costs
- exchange rate contracts	774	(1,401)
- interest rate swap contracts	0	0
	<u>774</u>	<u>(1,401)</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

### 1. Loan and advances for use in Hong Kong

#### a. Industrial, commercial and financial

	30-Jun-23		31-Dec-22	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
- Property development	200,000	0	200,000	-
- Property investment	46,749	46,749	49,294	49,294
- Financial concerns	1,091,115	143,150	1,119,592	100,702
- Wholesale and retail trade	304,962	41,994	220,357	48,878
- Manufacturing	382,332	302,133	482,003	261,999
- Transport and transport equipment	133,988	0	139,181	0
- Electricity & Gas	235,067	235,067	233,918	233,918
- Information technology	100,000	0	100,000	0
- Others	490,511	488,356	410,000	410,000

#### b. Individuals

- Others	-	-	796	553
	-	-	796	553

### 2. Trade finance

	125,360	31,048	112,834	36,544
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### 3. Loan for use outside Hong Kong

	624,449	126,213	1,027,342	380,084
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Total

	3,734,533	1,414,710	4,095,317	1,521,972
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## B. Analysis of impaired advances for the individual loan usage category:

As at

	30-Jun-23		31-Dec-22	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances
-Financial concerns	700,000	140,000	700,000	140,000
-Loan for use outside Hong Kong	115,355	2,307	125,294	12,942
-Wholesale and retail trade	1,193	24	3,193	64
-Trade Finance	5,553	2,777	5,526	2,763
	822,101	145,108	834,013	155,769

## 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-23

	Outstanding balance	Advances overdue for over 1-3 months	Advances overdue for over 3 months	Impaired advances	Individual impairment allowances
- Hong Kong	1,392,084	0	0	701,193	140,024
- Taiwan	207,248	0	0	5,553	2,776
- China	651,137	0	0	0	0
- others	1,484,064	0	0	115,355	2,307
	3,734,533	0	0	822,101	145,107

As at 31-Dec-22

	Outstanding balance	Advances overdue for over 1-3 months	Advances overdue for over 3 months	Impaired advances	Individual impairment allowances
- Hong Kong	1,350,658	0	0	713,843	150,714
- Taiwan	301,349	0	0	5,526	2,763
- China	1,142,539	0	0	0	0
- others	1,300,771	0	0	114,644	2,292
	4,095,317	0	0	834,013	155,769

## 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 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-23

	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Offshore centres						
- Hong Kong SAR	429	0	208	633	0	1,270
Developing Asia and Pacific						
- China	41	0	63	77	0	181
- Taiwan	2,584	0	0	0	0	2,584
	<u>3,054</u>	<u>0</u>	<u>271</u>	<u>710</u>	<u>0</u>	<u>4,035</u>

As at 31-Dec-22

	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Offshore centres						
- Hong Kong SAR	977	0	97	641	0	1,715
Developing Asia and Pacific						
- China	24	0	62	538	0	624
- Taiwan	1,740	0	0	1	0	1,741
	<u>2,741</u>	<u>0</u>	<u>159</u>	<u>1,180</u>	<u>0</u>	<u>4,080</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-23	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	100	0	100
Local governments, local government-owned entities and their subsidiaries and JVs	95	168	263
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	140	200	340
Other entities of central government not reported in item 1 above	131	0	131
Other entities of local government not reported in item 2 above	238	0	238
PRC nationals residing outside mainland China or entities incorporated outside mainland China where the credit is granted for use in mainland China	2,496	583	3,079
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
<b>Total</b>	<b>3,200</b>	<b>951</b>	<b>4,151</b>
Total assets after provision			<b>9,435</b>
On-balance sheet exposures as percentage of total assets			<b>33.92%</b>

As at 31-Dec-22

As at 31-Dec-22	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	100	0	100
Local governments, local government-owned entities and their subsidiaries and JVs	279	166	445
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	360	0	360
Other entities of central government not reported in item 1 above	226	0	226
Other entities of local government not reported in item 2 above	236	0	236
PRC nationals residing outside mainland China or entities incorporated outside mainland China where the credit is granted for use in mainland China	2,277	557	2,834
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
<b>Total</b>	<b>3,478</b>	<b>723</b>	<b>4,201</b>
Total assets after provision			<b>9,603</b>
On-balance sheet exposures as percentage of total assets			<b>36.22%</b>



## 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-23

	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	5,977	130	394	206	933	6	0	7,646
Spot liabilities	(6,255)	(130)	(395)	(205)	(933)	(6)	0	(7,924)
Forward purchases	247	0	0	0	0	0	0	247
Forward sales	0	0	0	0	0	0	0	0
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	(31)	0	(1)	1	0	0	0	(31)

As at 31-Dec-22

	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	5,651	128	410	168	1,307	4	0	7,668
Spot liabilities	(6,027)	(128)	(410)	(167)	(1,308)	(4)	0	(8,044)
Forward purchases	351	0	0	0	0	0	0	351
Forward sales	0	0	0	0	0	0	0	0
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	(25)	0	0	1	(1)	0	0	(25)

## 9. Liquidity information

The average liquidity maintenance ratio ("LMR") is being calculated based on the arithmetic mean of the average value of liquidity maintenance ratio for each month during reporting period. The liquidity maintenance ratio is calculated in accordance with the guidelines of the HKMA and the Banking (Liquidity) Rules

	<u>2023</u>	<u>2022</u>
Average liquidity maintenance ratio for the period of April to June	50.80%	44.60%

## IV OTHER INFORMATION

### 1. DISCLOSURE OF REMUNERATION

#### A. Remuneration system

In accordance with HKMA's Supervisory Policy Manual Guideline on a Sound Remuneration System - CG5 issued on March 12, 2015, Shanghai Commercial & Savings Bank has disclosed the relevant information in 2022 Bank Annual Report.

### 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", "Recovery Plan" 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 calendar month is set at 40% and daily limit is set at 37% 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, treasury and business wealth management departments, compliance manager, risk control manager and accounting manager. The ALCO is chaired by the General Manager.

The Branch's liquidity risk management system contains the following factors: effective monitoring by senior management, liquidity risk management strategies, policies and processes, identification of liquidity risk, risk calculation including limit, stress testing and cash flow analysis, internal controls and monitoring mechanisms, IT systems and crisis disposal mechanisms.

Risk control department takes the lead for the Branch's liquidity risk management. For liquidity risk management, it should be separately controlled according to different currencies. However, considering that the total volume of foreign currency liabilities (excluding USD) is small, the Branch consolidates and manages different foreign currencies together.

The Branch's liquidity risk management framework can accurately, continuously calculate, monitor, manage, control and report liquidity risk status in a timely manner. It can calculate cash flow and maturity mismatch every day according to contractual maturities, followed by calculating and analysing related data according to different currencies under liquidity risk management mode. Lastly, it can effectively and timely monitor and control the Branch's large amount fund flow.

### 3. Disclosure Statement Available to the Public

Copies of the Disclosure Statement may be obtained from the reception of The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch on 10/F, Peninsula Office Tower, 18 Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong

A copy of the Disclosure Statement has been lodged with the Hong Kong Monetary Authority's Public Registry and is available on the website [https://www.scsb.com.hk/hk\\_07.jsp](https://www.scsb.com.hk/hk_07.jsp) for public inspection.



## SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BASIS)

### I. CAPITAL AND CAPITAL ADEQUACY RATIO

	30-Jun-23	31-Dec-22
A. Capital adequacy ratio	15.98%	15.55%

Figures in HKD Thousand

	30-Jun-23	31-Dec-22
B. Aggregate amount of shareholders' funds	43,797,244	43,089,414

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-22	31-Dec-22
Total assets	610,341,029	590,161,673
Total liabilities	551,739,421	532,894,803
Total advances	319,801,367	317,316,902
Total customer deposit	499,590,095	487,373,752
	<b>Jan to Jun 23</b>	<b>Jan to Jun 22</b>
Income / (loss) before income tax	3,669,688	3,038,966
Less: Income tax expenses	(622,497)	(611,555)
Consolidated income	3,047,191	2,427,411
Belong to:		
Stockholders of the parent company	2,459,348	1,914,966
Minority interest in subsidiaries	587,843	512,445
	3,047,191	2,427,411

The applied exchange rate of TWD to HKD on :

2023/06/30	3.9725
2022/12/31	3.9402
2022/06/30	3.7894

## 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 2023. 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. Ku Cheng Chun

Branch General Manager

The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch

22-Sep-23

Date