

The Shanghai Commercial & Savings Bank Ltd. Hong Kong Branch

Key Financial Information Disclosure Statement
For the half year ended 30 Jun 2024

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT FOR THE HALF YEAR ENDED 30 JUN 2024

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SECTION A. INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)**I. PROFIT AND LOSS INFORMATION FOR THE HALF YEAR ENDED 30-JUN-24**

Figures in HKD Thousand

For the half year ended	30-Jun-24	30-Jun-23
Interest income	259,127	238,125
Interest expenses	(124,586)	(89,315)
Net interest income	134,541	148,810
Other operating income		
Gain less losses arising from non-trading activities in foreign currencies	2,640	6,279
Income from investment held for trading	20	483
Net fee and commission income		
- Fee and commission income	19,223	17,322
- Fee and commission expenses	(896)	(599)
Others	138	58
	21,125	23,543
Total Income	155,666	172,353
Operating expenses		
Staff and rental expenses	(18,495)	(18,726)
Other expenses (less fees and commission expenses)	(5,821)	(5,344)
Total expenses	(24,316)	(24,070)
Net charge for debt provision	(11,721)	0
Profit before taxation	119,629	148,283
Taxation charge	(22,565)	(27,645)
Profit after taxation	97,064	120,638

II. BALANCE SHEET INFORMATION AS AT 30 JUN-24

Figures in HKD Thousand

As at	30-Jun-24	31-Dec-23
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	3,980,606	5,324,564
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	2,242,718	312,516
Amount due from overseas offices	4,382	263,664
Trade bills less impairment allowances	92,446	70,515
Loans and advances less impairment allowances	2,231,849	2,827,638
Financial assets at fair value through other comprehensive income securities less impairment allowances	892,048	974,691
Financial assets at Amortised cost securities less impairment allowances		
Other assets		
- accrued interest	48,722	52,916
- other accounts	52,951	98,877
Property, plant and equipment	15,326	15,705
TOTAL ASSETS	9,561,048	9,941,086
LIABILITIES		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas office)	341,866	370,000
Current, fixed, savings and other deposits from customers		
- Demand deposits and current accounts	63,321	86,528
- Savings deposits	2,670,214	3,185,978
- Time deposits	5,552,459	5,507,064
NCD issued and outstanding	0	80,000
Amount due to overseas offices	745,493	265,761
Other amounts and provisions	109,339	101,424
TOTAL LIABILITIES	9,482,692	9,596,755
Reserves and current profit / (loss)	78,356	344,331
TOTAL EQUITY AND LIABILITIES	9,561,048	9,941,086

III. SUPPLEMENTARY FINANCIAL INFORMATION

1. TRADE BILLS AND IMPAIRMENT ALLOWANCES ON TRADE BILLS

Figures in HKD Thousand

As at	30-Jun-24	31-Dec-23
Trade bills	93,380	70,515
Collective impairment allowances	(934)	(1,058)
Gross trade bills less impairment allowances	92,446	69,457

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-24	31-Dec-23
Advances to customers	1,452,427	1,658,480
Advances to banks and other financial institutions	852,406	1,231,354
Total	2,304,833	2,889,834
Collective impairment allowances	(31,755)	(41,530)
Individual impairment allowances	(27,200)	(5,059)
Total	(58,955)	(46,589)
Gross advances less impairment allowances	2,245,878	2,843,245
Allowances as a percentage of gross advances		
- Collective impairment allowances	1.38%	1.44%
- Individual impairment allowances	1.18%	0.18%
Total	2.56%	1.61%

B. Impairment allowances

	Individual impairment allowances	Collective impairment allowances	Total
Balance as at 30- Jun-24			
- Advances to customers	27,200	23,231	50,431
- Advances to banks and other financial institutions	0	8,524	8,524
	27,200	31,755	58,955
Balance as at 31- Dec-23			
- Advances to customers	2,793	29,409	32,202
- Advances to banks and other financial institutions	2,266	12,121	14,387
	5,059	41,530	46,589

C. Impaired advances to customers

As at	30-Jun-24	31-Dec-23
- Gross impaired advances to customers *	125,113	5,537
- Individual impairment allowances	(26,683)	(2,769)
Total	98,430	2,768
Market value of collateral pledged	0	0
Covered portion of impaired advances	0	0
Uncovered portion of impaired advances	125,113	5,537
Gross impaired advances as a percentage of gross advances to customers	5.43%	0.19%
Individual impairment allowances as a percentage of gross impaired advances	21.33%	50.01%

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-24 and 31-Dec-23.

* The advances have been offset by pledged deposits.

D. Overdue and rescheduled advances to customers

As at	30-Jun-24	31-Dec-23
a. Advances to customers overdue for more than 1 month and up to 3 months	25,845	5,672
more than 3 months and up to 6 months	0	0
more than 6 months and up to 1 year	116,942	0
more than 1 year	0	0
Individual impairment allowances made in respect of the above overdue advances	23,905	113
Market value of collateral held against the covered portion of all overdue advances	0	0
Covered portion of all overdue advances	17%	2%
Uncovered portion of all overdue advances *	83%	98%
b. Rescheduled advances to customers	8,171	5,537

As a percentage of total gross advances to customers

	30-Jun-24	31-Dec-23
a. Advances to customers overdue for more than 1 month and up to 3 months	1.12%	0.20%
more than 3 months and up to 6 months	0.00%	0.00%
more than 6 months and up to 1 year	5.07%	0.00%
more than 1 year	0.00%	0.00%
b. Rescheduled advances to customers	0.35%	0.19%

* The advances have been offset by pledged land.

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

	30-Jun-24	31-Dec-23
Advances to customers overdue for more than 1 month and up to 3 months	25,845	5,672
Advances to customers overdue for more than 3 months	116,942	0
Less: loans overdue but not impaired	(118,882)	(5,559)
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	23,905	113

There were no advances to banks and other financial institutions which were overdue or rescheduled as at 31-Dec-23 and 30-Jun-24.

F. Repossessed assets

As at 30-Jun-24 and 31-Dec-23, 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-24	31-Dec-23
Floating rate notes	311,080	373,890
Debt securities	580,968	600,801
Total	892,048	974,691
Issued by:		
Government organization	137,558	100,170
Banks	212,400	252,267
Corporate entities	542,090	622,254
Total	892,048	974,691
Impairment allowances	0	0
Financial assets at fair value through other comprehensive income securities less impairment allowances	892,048	974,691

Impairment allowances as a percentage of amortised cost securities

	0%	0%
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B. Overdue or impaired securities

Balance as at 30-Jun-24		
- 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-23		
- 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-24	31-Dec-23
Deposits in advanced	3,755	3,856
Prepaid expenses	3,474	2,621
Others	45,722	92,400
Total	52,951	98,877

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-24	31-Dec-23
Direct credit substitutes	1,284,038	1,320,480
Trade-related contingencies		
- customer's liabilities under letter of credit	76,273	72,916
- customer's liabilities under guarantee	0	0
- customer's liabilities under acceptance	37,996	37,535
Forward forward deposits placed	0	0
Other commitments		
- other commitments within an original maturity of not more than one year	968,416	1,179,568
- other commitments within an original maturity of more than one year	264,853	84,065
	<u>1,233,269</u>	<u>1,263,633</u>

B. Derivative financial instruments

As at	30-Jun-24	31-Dec-23
	Contract/notional amount	Contract/notional amount
- exchange rate contracts	181,599	242,200
- interest rate swap contracts	0	0
	<u>181,599</u>	<u>242,200</u>
Replacement costs of derivatives (of the above derivatives)	Replacement costs	Replacement costs
- exchange rate contracts	627	(506)
- interest rate swap contracts	0	0
	<u>627</u>	<u>(506)</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-24		31-Dec-23	
	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	200,000	0	200,000	-
- Property investment	40,225	40,225	44,348	44,348
- Financial concerns	378,641	178,950	478,357	188,795
- Wholesale and retail trade	256,744	29,605	277,581	27,934
- Manufacturing	170,190	102,621	237,457	202,972
- Transport and transport equipment	87,844	0	87,895	0
- Electricity & Gas	0	0	0	0
- Information technology	100,000	0	100,000	0
- Others	112,925	9,500	568,129	488,129
	1,346,569	360,901	1,993,767	952,178
b. Individuals				
- Others	-	-	-	-
2. Trade finance	51,646	6,166	50,979	18,353
3. Loan for use outside Hong Kong	906,619	189,848	845,086	122,761
Total	2,304,833	556,914	2,889,832	1,093,292

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

As at

	30-Jun-24		31-Dec-23	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances
-Property Investment	25,845	517	0	0
-Loan for use outside Hong Kong	116,942	23,388	113,318	2,266
-Wholesale and retail trade	1,183	237	1,193	24
-Trade Finance	6,988	3,058	5,537	2,769
	150,958	27,200	120,048	5,059

C. By geographical area

As at 30-Jun-24

	Outstanding balance	Advances overdue for over 1-3 months	Advances overdue for over 3 months	Impaired advances	Individual impairment allowances
- Hong Kong	985,324	0	0	28,482	1,045
- Taiwan	140,896	0	0	5,534	2,767
- China	230,578	0	0	0	0
- others	948,035	0	0	116,942	23,388
	2,304,833	0	0	150,958	27,200

As at 31-Dec-23

	Outstanding balance	Advances overdue for over 1-3 months	Advances overdue for over 3 months	Impaired advances	Individual impairment allowances
- Hong Kong	1,456,754	0	0	1,193	24
- Taiwan	108,486	0	0	5,537	2,769
- China	450,888	0	0	0	0
- others	873,705	0	0	113,318	2,266
	2,889,833	0	0	120,048	5,059

6. INTERNATIONAL CLAIMS DISCLOSURE

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account the transfer of country risk. They are prepared in accordance with the HKMA banking return of International Banking Statistics MA(BS)21 completion instruction. Countries or geographical areas constituting 10% or more of the total cross-border claims are disclosed.

Figures in HKD Million
As at 30-Jun-24

	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Offshore centres						
- Hong Kong SAR	620	0	98	268	0	986
Developing Asia and Pacific						
- China	71	0	53	66	0	190
- Taiwan	2,933	0	0	0	0	2,933
	<u>3,624</u>	<u>0</u>	<u>151</u>	<u>334</u>	<u>0</u>	<u>4,109</u>

As at 31-Dec-23

	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Offshore centres						
- Hong Kong SAR	457	0	277	437	0	1,171
Developing Asia and Pacific						
- China	72	0	59	65	0	196
- Taiwan	3,009	0	0	0	0	3,009
	<u>3,538</u>	<u>0</u>	<u>336</u>	<u>502</u>	<u>0</u>	<u>4,376</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-24

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	80	0	80
Local governments, local government-owned entities and their subsidiaries and JVs	90	158	248
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	119	0	119
Other entities of central government not reported in item 1 above	7	0	7
Other entities of local government not reported in item 2 above	0	0	0
PRC nationals residing outside mainland China or entities incorporated outside mainland China where the credit is granted for use in mainland China	1,908	1,301	3,209
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	<u>2,204</u>	<u>1,459</u>	<u>3,663</u>
Total assets after provision			<u>9,561</u>
On-balance sheet exposures as percentage of total assets			<u>23.05%</u>

7. NON-BANK MAINLAND CHINA EXPOSURES- continued

As at 31-Dec-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	98	151	249
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	125	0	125
Other entities of central government not reported in item 1 above	172	0	172
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	2,543	1,232	3,775
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	3,038	1,383	4,421
Total assets after provision			<u>9,941</u>
On-balance sheet exposures as percentage of total assets			<u>30.56%</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-24

	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	6709	124	442	269	1102	4	0	8650
Spot liabilities	(6,921)	(6)	(442)	(273)	(1,102)	(4)	0	(8,748)
Forward purchases	189	0	0	4	0	0	0	193
Forward sales	(4)	(118)	0	0	0	0	0	(122)
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	(27)	0	0	0	0	0	0	(27)

As at 31-Dec-23

	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	6849	121	389	233	869	4	0	8465
Spot liabilities	(7,114)	(8)	(389)	(232)	(871)	(4)	0	(8,618)
Forward purchases	242	0	0	0	0	0	0	242
Forward sales	(3)	(110)	0	0	0	0	0	(113)
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	(26)	3	0	1	(2)	0	0	(24)

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

	2024	2023
Average liquidity maintenance ratio for the period of April to June	46.28%	50.80%

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 2023 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 for public inspection.

SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BASIS)

I. CAPITAL AND CAPITAL ADEQUACY RATIO

	30-Jun-24	31-Dec-23
A. Capital adequacy ratio	16.13%	16.22%

Figures in HKD Thousand

	30-Jun-24	31-Dec-23
B. Aggregate amount of shareholders' funds	45,055,586	46,652,681

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-24	31-Dec-23
Total assets	589,652,051	616,708,846
Total liabilities	528,869,513	554,715,566
Total advances	299,675,666	317,506,031
Total customer deposit	482,435,040	505,333,794
	Jan to Jun 24	Jan to Jun 23
Income / (loss) before income tax	1,874,781	3,669,688
Less: Income tax expenses	(423,389)	(622,497)
Consolidated income	1,451,392	3,047,191
Belong to:		
Stockholders of the parent company	1,396,429	2,459,348
Minority interest in subsidiaries	54,963	587,843
	1,451,392	3,047,191

The applied exchange rate of TWD to HKD on :

2024/06/30	4.1555
2023/12/31	3.9294
2023/06/30	3.9725

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 2024. 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.

Lu Feng Wei

Mr. Lu Feng Wei

Branch General Manager

The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch

25-Sep-24

Date