

The Shanghai Commercial & Savings Bank Ltd. Hong Kong Branch

Key Financial Information Disclosure Statement
For the half year ended 30 Jun 2020

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT FOR THE HALF YEAR ENDED 30 JUN 2020

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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-20

Figures in HKD Thousand

For the half year ended	30-Jun-20	30-Jun-19
Interest income	113,891	111,813
Interest expenses	(46,189)	(45,819)
Net interest income	67,702	65,994
Other operating income		
Gain less losses arising from trading in foreign currencies	655	4,743
Gains less losses on securities held for trading purposes	0	0
Income from non - trading investments	(26)	(15)
Net fee and commission income		
- Fee and commission income	16,506	14,773
- Fee and commission expenses	(582)	(625)
Others	1	12
	16,554	18,888
Total Income	84,256	84,882
Operating expenses		
Staff and rental expenses	(15,070)	(14,218)
Other expenses (less fees and commission expenses)	(4,176)	(5,967)
Total expenses	(19,246)	(20,185)
Net charge for debt provision	(847)	(10,034)
Gain less losses from the disposal of property plant and equipment and investment properties	0	0
Profit before taxation	64,163	54,663
Taxation charge	(14,369)	(10,819)
Profit after taxation	49,794	43,844

II. BALANCE SHEET INFORMATION AS AT 30 JUN-20

Figures in HKD Thousand

As at	30-Jun-20	31-Dec-19
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	3,187,877	3,642,239
Placement with banks and other financial institutions maturing between one and twelve months (except those included in amount due from overseas offices)	325,327	0
Amount due from overseas offices	384,248	121,307
Trade bills less impairment allowances	95,103	110,839
Loans and advances less impairment allowances	3,980,757	3,576,071
Amortised cost securities less impairment allowances	272,602	171,623
Other assets		
- accrued interest	21,273	17,952
- other accounts	98,048	160,077
Property, plant and equipment	19,526	20,313
TOTAL ASSETS	8,384,761	7,820,421
LIABILITIES		
Deposits and balances of banks and other financial institutions (except those included in amount due to overseas office)	1,784,869	1,501,917
Current, fixed, savings and other deposits from customers		
- Demand deposits and current accounts	74,528	140,661
- Savings deposits	2,697,391	2,715,456
- Time deposits	2,683,060	2,551,794
Amount due to overseas offices	1,025,605	732,297
Other amounts and provisions	70,250	75,638
TOTAL LIABILITIES	8,335,703	7,717,763
Reserves and current profit / (loss)	49,058	102,658
TOTAL EQUITY AND LIABILITIES	8,384,761	7,820,421


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III. SUPPLEMENTARY FINANCIAL INFORMATION

1. TRADE BILLS AND IMPAIRMENT ALLOWANCES ON TRADE BILLS

Figures in HKD Thousand

As at	30-Jun-20	31-Dec-19
Trade bills	96,443	112,430
Collective impairment allowances	(1,340)	(1,591)
Gross trade bills less impairment allowances	95,103	110,839

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-20	31-Dec-19
Advances to customers	4,055,692	3,072,718
Advances to banks and other financial institutions	-	577,192
Total	4,055,692	3,649,910
Collective impairment allowances	(49,418)	(48,937)
Individual impairment allowances	(8,162)	(8,210)
Total	(57,580)	(57,147)
Gross advances less impairment allowances	3,998,112	3,592,763
Allowances as a percentage of gross advances	1.22%	1.34%
- Collective impairment allowances	0.20%	0.22%
- Individual impairment allowances	1.42%	1.57%
Total		

B. Impairment allowances

	Individual impairment allowances	Collective impairment allowances	Total
Balance as at 30- Jun-20	8,162	49,418	57,580
- Advances to customers	0	0	0
- Advances to banks and other financial institutions	8,162	49,418	57,580
Balance as at 31- Dec-19	8,210	43,165	51,375
- Advances to customers	0	5,772	5,772
- Advances to banks and other financial institutions	8,210	48,937	57,147

C. Impaired advances to customers

As at	30-Jun-20	31-Dec-19
- Gross impaired advances to customers *	16,325	16,421
- Individual impairment allowances	(8,163)	(8,210)
Total	8,162	8,211
Market value of collateral pledged	0	0
Covered portion of impaired advances	0	0
Uncovered portion of impaired advances	16,325	16,421
Gross impaired advances as a percentage of gross advances to customers	0.40%	0.45%
Individual impairment allowances as a percentage of gross impaired advances	50.00%	50.00%

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-20 and 31-Dec-19.

* The advances have been offset by pledged deposits.

D. Overdue and rescheduled advances to customers

As at	30-Jun-20	31-Dec-19
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)	16,325	16,421
As a percentage of total gross advances to customers		
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	0.40%	0.45%

* 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-20	31-Dec-19
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	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-20 and 31-Dec-19.

F. Repossessed assets

As at 30-Jun-20 and 31-Dec-19, there were no repossessed assets held by our bank.

3. DEBT SECURITIES HELD AND OTHER ACCOUNTS

Figures in HKD Thousand

A. Financial assets at amortised cost

As at	30-Jun-20	31-Dec-19
Floating rate notes	0	0
Debt securities	170,077	171,623
Total	170,077	171,623
Issued by:		
Government organization	0	0
Banks	0	0
Other financial institutions	0	0
Corporate entities	170,077	171,622
Total	170,077	171,622
Impairment allowances	0	0
Amortised cost securities less impairment allowances	170,077	171,622
Impairment allowances as a percentage of amortised cost securities	0%	0%

B. Financial assets at fair value through other comprehensive income

As at	30-Jun-20	31-Dec-19
Floating rate notes	85,385	0
Debt securities	17,982	0
Total	103,367	-
Issued by:		
Government organization	0	0
Banks	0	0
Other financial institutions	0	0
Corporate entities	103,367	0
Total	103,367	0
Impairment allowances	0	0
Financial assets at fair value through other comprehensive income securities less impairment allowances	103,367	-
Impairment allowances as a percentage of amortised cost securities	0%	0%

C. Overdue or impaired securities

Balance as at 30-Jun-20		
- 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-19		
- 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-20	31-Dec-19
Deposits in advanced	4,443	4,397
Prepaid expenses	1,915	1,597
Others	91,690	154,083
Total	98,048	160,077

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-20	31-Dec-19
Direct credit substitutes	1,608,842	1,560,866
Trade-related contingencies		
- customer's liabilities under letter of credit	88,169	81,717
- customer's liabilities under guarantee	0	0
- customer's liabilities under acceptance	9,815	18,241
Forward forward deposits placed	0	0
Other commitments		
- other commitments within an original maturity of not more than one year	1,298,356	1,428,270
- other commitments within an original maturity of more than one year	207,460	174,087
	<u>1,505,816</u>	<u>1,602,357</u>

B. Derivative financial instruments

As at	30-Jun-20	31-Dec-19
	Contract/notional amount	Contract/notional amount
- exchange rate contracts	325,894	741,384
- interest rate swap contracts	0	0
	<u>325,894</u>	<u>741,384</u>
Replacement costs of derivatives (of the above derivatives)	Replacement costs	Replacement costs
- exchange rate contracts	138	2,377
- interest rate swap contracts	0	0
	<u>138</u>	<u>2,377</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-20		31-Dec-19	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
- property development	531,412	481,412	213,232	163,732
- property investment	32,592	32,592	33,258	33,258
- financial concerns	1,228,042	328,042	1,271,997	167,078
- stockbrokers	0	0	16,775	-
- wholesale and retail trade	229,126	224,245	214,366	209,139
- manufacturing	473,941	417,497	283,979	210,105
- transport and transport equipment	77,504	0	78,873	1,000
- others	476,144	445,143	470,171	446,810

b. Individuals

- Others	1,074	746	1,132	786
	1,074	746	1,132	786

2. Trade finance

	167,816	59,195	159,197	51,290
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3. Loan for use outside Hong Kong

	838,041	394,070	906,930	165,930
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Total

	4,055,692	2,382,942	3,649,910	1,449,128
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B. Analysis of impaired advances for the individual loan usage category:

As at

-Loan for use outside Hong Kong

	30-Jun-20		31-Dec-19	
	Impaired advances	Individual impairment allowances	Impaired advances	Individual impairment allowances
- Loan for use outside Hong Kong	0	5,416	0	5,451
- Trade Finance	0	2,746	0	2,759
	0	8,162	0	8,210

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-20

	Outstanding balance	Advances overdue for 1-3 months	Advances overdue for over 3 months	Impaired advances	Individual impairment allowances
- Hong Kong	1,569,144	0	0	0	5,416
- Taiwan	124,162	0	0	0	2,746
- China	1,187,237	0	0	0	0
- others	1,175,149	0	0	0	0
	4,055,692	0	0	0	8,162

As at 31-Dec-19

	Outstanding balance	Advances overdue for 1-3 months	Advances overdue for over 3 months	Impaired advances	Individual impairment allowances
- Hong Kong	1,903,732	0	0	0	5,451
- Taiwan	82,889	0	0	0	2,759
- China	514,228	0	0	0	0
- others	1,149,061	0	0	0	0
	3,649,910	0	0	0	8,210

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-20

	Banks	Official sector	Non-bank financial	Non-financial private sector	Others	Total
Offshore centres						
- Hong Kong SAR	656	0	78	1,018	0	1,752
Developing Asia and Pacific						
- China	0	0	0	225	0	225
- Taiwan	1,853	0	0	29	0	1,882
	2,509	0	78	1,272	0	3,859

As at 31-Dec-19

	Banks	Official sector	Non-bank financial	Non-financial private sector	Others	Total
Offshore centres						
- Hong Kong SAR	568	0	0	1,054	0	1,622
Developing Asia and Pacific						
- China	0	0	0	125	0	125
- Taiwan	790	0	0	34	0	824
	1,358	0	0	1,213	0	2,571



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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-20	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures	218	0	218
Local governments, local government-owned entities and their subsidiaries and JVs	0	178	178
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	452	0	452
Other entities of central government not reported in item 1 above	154	0	154
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	2,028	517	2,545
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	2,852	695	3,547

Total assets after provision 8,384

On-balance sheet exposures as percentage of total assets 34.02%

As at 31-Dec-19	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Central government, central government-owned entities and their subsidiaries and joint ventures	338	0	338
Local governments, local government-owned entities and their subsidiaries and JVs	0	178	178
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	331	0	331
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	1,683	340	2,023
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
Total	2,352	518	2,870

Total assets after provision 7,820

On-balance sheet exposures as percentage of total assets 30.08%

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-20	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	4,977	133	543	132	592	7	0	6,384
Spot liabilities	(5,131)	(133)	(543)	(132)	(773)	(7)	0	(6,719)
Forward purchases	152	0	0	0	186	0	0	338
Forward sales	(3)	0	0	0	(10)	0	0	(13)
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	(5)	0	0	0	(5)	0	0	(10)

As at 31-Dec-19	USD	GBP	JPY	EUR	CNY	AUD	NZD	Total
Spot assets	4,447	152	553	75	540	10	0	5,777
Spot liabilities	(5,022)	(6)	(554)	(136)	(656)	(10)	0	(6,384)
Forward purchases	568	0	1	61	112	0	0	742
Forward sales	(1)	(146)	0	0	0	0	0	(147)
Net option position	0	0	0	0	0	0	0	0
Net long (short) position	(8)	0	0	0	(4)	0	0	(12)

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>2020</u>	<u>2019</u>
Average liquidity maintenance ratio for the period of April to June	45.14%	46.76%

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 2019 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", "Contingency Funding 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 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

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/hk_07.jsp for public inspection.



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SECTION B - INFORMATION OF THE BANK (CONSOLIDATED BASIS)

I. CAPITAL AND CAPITAL ADEQUACY RATIO

	30-Jun-20	31-Dec-19
A. Capital adequacy ratio	13.72%	14.65%

Figures in HKD Thousand

	30-Jun-20	31-Dec-19
B. Aggregate amount of shareholders' funds	39,440,600	39,870,088

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-20	31-Dec-19
Total assets	558,054,690	538,867,704
Total liabilities	505,517,215	485,845,317
Total advances	302,108,877	291,497,954
Total customer deposit	440,857,583	429,579,486
	Jan to Jun 20	Jan to Jun 19
Income / (loss) before income tax	2,859,355	1,732,238
Less: Income tax expenses	(522,792)	(350,838)
Consolidated income	2,336,563	1,381,400
Belong to:		
Stockholders of the parent company	1,782,647	1,006,065
Minority interest in subsidiaries	553,915	375,335
	2,336,562	1,381,400

The applied exchange rate of TWD to HKD on :

2020/06/30 3.7991

2019/12/31 3.8517

2019/06/30 3.9743



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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 2020. 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. TENG WAN LI

Branch General Manager

The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch

23-Sep-20

Date