

SHANGHAI COMMERCIAL BANK

ADDENDUM

2010

ANNUAL REPORT

SUPPLEMENTARY FINANCIAL INFORMATION ON DISCLOSURE OF REMUNERATION SYSTEM

REMUNERATION COMMITTEE

(a) The members of the Remuneration Committee are Mr. Hung-ching Yung (Chairman), Non-executive Director, Dr. Richard Lee, Independent Non-executive Director and Mr. Johnson Mou Daid Cha, Independent Non-executive Director.

(b) The Remuneration Committee is established with the Terms of Reference defining its authority and duties to oversee the formulation and implementation of a sound remuneration policy by the Bank, and to ensure its consistency with the best practices and applicable legal and regulatory requirements. The Committee makes recommendations to the Board on the salary review and the remuneration packages of all directors and senior management of the Bank and also makes recommendations whether the bonus deferral scheme applicable and appropriate to certain staff to ensure the recognition would be aligned with long-term value creation and the time horizons of risk. The Committee takes into account both financial and non-financial criteria when determining the remuneration packages of senior management which consists of fixed and variable remuneration. The considerations include the overall performance of the Bank, individual performance measured against the established key performance indicators, adherence to risk management policies, compliance with legal and regulatory requirements and ethical standards. A proportion of the variable remuneration may be deferred and be realized over a timeframe as appropriate according to the associated risk assessment so as to ensure their remuneration received would accurately allow the performance and the associated risks to be observed and validated over a period of time. The vesting criteria of the deferred variable remuneration are subject to the impact of financial and non-financial factors as stated above on the Bank over a period of time.

(c) The Remuneration Committee reviews the remuneration policy and the remuneration structure of the Bank at least annually. No Director or any of his/her associates shall be involved in deciding his/her own remuneration.

(d) Aggregate quantitative information on remuneration for the Bank's senior management for the financial year of 2010:

	2010
Number of beneficiaries	**14**

	2010 HK$'000
Fixed remuneration	**25,862**
Variable remuneration	
– cash	**22,688**
Deferred remuneration*	
– vested	**0**
– unvested	**2,451**

* The unvested deferred remuneration relates to the 2010 variable remuneration only.