

Press Release

For Immediate Release

**Shanghai Commercial Bank Announced
2017 Interim Consolidated Profit of HK\$1,269 Million**

Hong Kong, 19 September 2017 - The consolidated profit after tax of Shanghai Commercial Bank (the “Bank”) for the first half of 2017 was HK\$1,269 million, an increase of 44.3% compared with the corresponding period in 2016. The Bank’s net interest income and the net fee and commission income increased by 18.8% and 13.4% respectively, mainly attributable to increased contributions from securities brokerage and wealth management businesses, despite life insurance commission was down by 40.1%. The cost-to-income ratio improved significantly to 31.9% against the 2016 yearly average of 37%.

The Bank’s overall loan-to-deposit ratio improved from 47.3% at the end of 2016 to 51.7% as loans and advances increased by 13.8% to HK\$73 billion, while customer deposits increased by 4.2% to HK\$143 billion. Average net interest margin at 1.84% was 21 basis points higher than that of 1.63% for the same period last year and 15 basis points higher than the 2016 yearly average of 1.69%, mainly due to enhanced average yield from interbank placements. Total comprehensive income attributable to equity holders for the first half of 2017 at HK\$2,063 million was HK\$1,037 million or 101.1% higher than that of the same period last year, largely due to the revaluation gain on Bank of Shanghai shares. Total assets at HK\$180 billion and shareholders’ funds at HK\$26 billion were respectively



6.1% and 4.5% higher than the positions at the end of last year. The Bank's average liquidity maintenance ratio and capital adequacy ratio remained at sound levels of 45% and 17.6% respectively.

On 20th March 2017, the Bank along with other four shareholders of Hong Kong Life Insurance Limited ("Hong Kong Life") jointly announced the sale of the entire issued interest of Hong Kong Life at a consideration of HK\$7.1 billion. Completion of the transaction is subject to approvals by the relevant regulators.

This year, we embarked on our vision to shape the Bank "to become a trusted bank of choice of customers in Greater China, served by our staff capable of delivering comprehensive one-stop service, supported by distinctive commercial and international banking capabilities and an innovative digital platform". We focus on providing customized financing solutions and strengthening the relationship with the larger corporate and SME clients. On retail business, we continue to broaden our range of products and services offerings which now include SMART Banking, My Smart Card, SCB JETCO Pay, Shanghai and Shenzhen – Hong Kong Connect A shares trading services, Mobile Futures Trading services, Two-factor authentication token services, 'Straight-through Processing' for general insurance and securities businesses, and etc. The Bank also participates actively in the Reverse Mortgage Programme of The Hong Kong Mortgage Corporation Limited.

Leveraging on our tri-bank alliance with Bank of Shanghai in Mainland China and our parent bank, The Shanghai Commercial & Savings Bank, Ltd. in Taiwan, the Bank continues its efforts in expanding the market coverage in Mainland China while also strives to maintain

the satisfactory growth momentum of our overseas branches in United States and United Kingdom. We will continue to reinforce our control and expertise in credit risk management, and stay vigilant of evolving political and economic conditions globally.

Note: Please refer to the attached Group Interim Financial Disclosure Statement for the detailed financial figures.

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Summary of 2017 Interim Results for Shanghai Commercial Bank

	Six months ended 30/6/2017 (HK\$million)	Six months ended 30/6/2016 (HK\$million)	Percentage Increase (+)/ Decrease (-)
Interest income	2,048.6	1,808.7	+13.3%
Interest expense	565.3	560.4	+0.9%
Net interest income	1,483.3	1,248.3	+18.8%
Net fee and commission income	364.5	321.5	+13.4%
Other operating income	488.0	233.4	+109.1%
Operating profit before impairment allowances	1,591.4	1,118.9	+42.2%
Charge of impairment losses on loans and advances to customers	46.4	9.1	+410.1%
Operating profit	1,545.0	1,109.8	+39.2%
Profit after tax	1,268.8	879.4	+44.3%
Total comprehensive income attributable to equity holders	2,062.5	1,025.6	+101.1%

	As at 30/06/2017 (HK\$million)	As at 31/12/2016 (HK\$million)	Percentage Increase (+)/ Decrease (-)
Total customers' deposits	142,611.6	136,884.3	+4.2%
Total loans and advances before impairment allowances	73,733.6	64,803.8	+13.8%
Total assets	179,667.9	169,369.3	+6.1%
Shareholders' funds	25,431.0	24,308.4	+4.5%

**Summary of 2017 First Half-Year Financial Ratios
for Shanghai Commercial Bank**

	As at 30/6/2017	As at 30/6/2016	Increase (+)/ Decrease (-)	As at 31/12/2016	Increase (+)/ Decrease (-)
Loan to deposit ratio	52%	49%	+3%	47%	+5%
Capital adequacy ratio	17.6%	19.1%	-1.5%	18.7%	-1.1%
Liquidity maintenance ratio	45.0%	50.5%	-5.5%	49.3%	-4.3%
Cost-to-income ratio	31.9%	38.0%	-6.1%	37.0%	-5.1%
Net interest margin	1.84%	1.63%	+0.21%	1.69%	+0.15%