



Press Release

For Immediate Release

**Shanghai Commercial Bank Announced
Consolidated Profit of HK\$2,430 Million for the Year 2017**

Hong Kong, 19th April 2018 - The consolidated profit after tax of Shanghai Commercial Bank (the “Bank”) for 2017 hit a record high of HK\$2,430 million, an increase of HK\$518 million or 27.1% from that for 2016, largely attributable to increased contributions from net interest income, foreign exchange income and fee income.

The Bank’s total comprehensive income attributable to equity holders for the year ended 31st December 2017 decreased by HK\$576 million or 21.5% to HK\$2,100 million against 2016, mainly due to the mark-to-market valuation of the shareholding in the listed Bank of Shanghai Co., Ltd. (“Bank of Shanghai”). On a year-on-year basis, total loans and advances increased significantly by 21.4%, and total customer deposits continued to grow by 7.4%. Loan-to-deposit ratio rose to 54% at the end of 2017, compared with 47% at the end of 2016, while the impaired loan ratio also improved to 0.77% from 1.03% on a year-on-year basis, reflecting the Bank’s determined efforts to improve and maintain good credit quality.

The Bank’s net interest income increased by 17.6% and net interest margin rose by 17 basis points to 1.86% for the year. Indicative of the satisfactory performance of the Bank’s various business lines, net fee and commission income increased by 16.6%. An investment-friendly environment and a buoyant local stock market resulted in a favourable increase in wealth management and securities brokerage commission income.

The Bank’s total assets at the end of 2017 amounted to HK\$185 billion, representing an increase of 8.9% or HK\$15 billion compared to that at the end of 2016. Returns on average total assets and



average equity for the year were 1.4% and 9.7% respectively. The average yearly cost-to-income ratio improved to 33% compared with that of 37% for 2016. The capital adequacy ratio was 18.9% at the end of 2017 while liquidity maintenance ratio averaged 45.6% for 2017, both at comfortable levels.

On 29th November 2017, the Bank successfully issued the Tier 2 subordinated notes (the 'Notes') for US\$250 million with coupon rate at 3.75% per annum. The proceeds from the issuance are used to support the anticipated growth of the Bank's operations and to strengthen the capital base. The Notes have 'BBB+' and 'Baa1' ratings assigned by Fitch and Moody's respectively.

We are positioned as a commercial bank with remarkable experience in trade financing and a niche in providing devoted personalized banking services to small and medium sized enterprises. We also capitalize on the long-standing tri-bank alliance with The Shanghai Commercial & Savings Bank, Ltd. in Taiwan and Bank of Shanghai in Mainland China and the extensive network to facilitate the provision of global business support and services of our customers in Hong Kong, Mainland China, United Kingdom and United States.

In the year ahead, the Bank will continue to stay customer focused and improve service through investing in technology and upskilling our employees.

Note: Please refer to the respective annual report for the detailed financial figures.



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Summary of 2017 Annual Results for Shanghai Commercial Bank

	As at 31/12/2017 (HK\$million)	As at 31/12/2016 (HK\$million)	Percentage Increase (+)/ Decrease (-)
Interest income	4,344.3	3,695.0	+17.6%
Interest expense	1,244.2	1,058.1	+17.6%
Net interest income	3,100.1	2,636.8	+17.6%
Net fee and commission income	766.0	657.2	+16.6%
Other operating income	737.7	564.4	+30.7%
Operating profit before provisions	3,083.9	2,430.8	+26.9%
Charge of impairment losses on loans and advances to customers	59.4	20.4	+190.5%
Operating profit	3,024.6	2,410.4	+25.5%
Profit after tax	2,430.5	1,913.0	+27.1%
Total comprehensive income attributable to equity holders	2,099.9	2,675.9	-21.5%
Total customers' deposits	146,953	136,884	+7.4%
Total loans and advances before impairment allowances	78,647	64,804	+21.4%
Total assets	184,531	169,369	+8.9%
Shareholders' fund	25,468	24,308	+4.8%

Summary of 2017 Financial Ratios for Shanghai Commercial Bank

	As at 31/12/2017	As at 31/12/2016	Percentage Increase (+)/ Decrease (-)
Loan to deposit ratio	53.5%	47.3%	+6.2%
Capital adequacy ratio	18.9%	18.7%	+0.2%
Liquidity maintenance ratio	45.6%	49.3%	-3.7%
Cost to income ratio	33.0%	37.0%	-4.0%
Net interest margin	1.86%	1.69%	+0.17%
Return on average assets	1.4%	1.2%	+0.2%
Return on average equity	9.7%	8.1%	+1.6%