

Press Release

For Immediate Release

**Shanghai Commercial Bank Announced**

**2018 Interim Consolidated Profit of HK\$1,428 million**

**Hong Kong, 27 September 2018** – The consolidated profit after tax of Shanghai Commercial Bank (the “Bank”) for the first half of 2018 was HK\$1,428 million, an increase of HK\$159 million or 12.6% above that for the same period last year.

The Bank’s net interest income increased by 18.4% while net fee and commission income recorded stronger growth of 22.1% mainly driven by the securities trading, investment and life insurance businesses amid broad-based momentum. Cost-to-income ratio continued to stay low and improved further from the same period last year by one percentage point to 30.9%.

The Bank’s overall loan-to-deposit ratio rose from 53.5% at the end of 2017 to 56.8% as loans and advances grew by 7.1% to HK\$84 billion, while customer deposits increased by 0.9% to HK\$148 billion. Average net interest margin widened by 14 basis points to 1.98% from 1.84% for the same period last year and 12 basis points higher than the 2017 yearly average of 1.86%. Total comprehensive income attributable to equity holders for the six months ended 30 June 2018 at HK\$1,875 million was HK\$188 million or 9.1% lower than that of the same period last year when a much higher mark-to-market valuation of the holdings in the listed Bank of Shanghai Co., Ltd. (“Bank of Shanghai”) shares and other debt securities was registered. Total assets at HK\$188 billion and shareholders’ funds at HK\$26 billion were respectively 1.6% and 3.6% higher than the balances at last year end. Returns on average total assets and average equity for the first half of 2018 were 1.5% and 11.0%, or increases of 8 and 82 basis points respectively against that of same period last year. The Bank’s capital and liquidity levels remained robust with capital adequacy ratio at 18.7% and average liquidity maintenance ratio at 45.2% at the end of June 2018.

To enhance customer banking experience and transaction convenience, the Bank has revamped the internet banking and the mobile banking service platforms. We have introduced the two-factor authentication (2FA) token service for online trading of wealth management products, the token-free 2FA SMS, One-Time Password service for online stock trading, and the new “Person to Merchant” (P2M) service. The Bank is also launching a round-the-clock industry-wide interbank real-time payment service supported by the new Faster Payment System (FPS) pioneered and engineered by the regulator. Meanwhile, the Bank has made significant investments in enhancing its compliance and risk management systems and controls, including strengthening cyber security and anti-money laundering/counter-terrorist financing mechanism, and etc.

As the Bank’s 5-year strategic plan moves forward, the Board of Directors and the management are regularly revisiting the plan to embrace any new opportunities and to control emerging risks in today’s challenging local and global operating environment.

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

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**Summary of 2018 Interim Results for Shanghai Commercial Bank**

	Six months ended 30/6/2018 (HK\$million)	Six months ended 30/6/2017 (HK\$million)	Percentage Increase (+) / Decrease (-)
Interest income	2,545.8	2,048.6	+24.3%
Interest expense	790.0	565.3	+39.7%
Net interest income	1,755.8	1,483.3	+18.4%
Net fee and commission income	445.0	364.5	+22.1%
Other operating income	312.4	488.0	-36.0%
Operating profit before impairment allowances	1,736.9	1,591.4	+9.1%
Charge of impairment losses on loans and advances to customers	17.2	46.4	-62.9%
Operating profit	1,719.6	1,545.0	+11.3%
Profit after tax	1,428.2	1,268.8	+12.6%
Total comprehensive income attributable to equity holders	1,875.0	2,062.5	-9.1%

	As at 30/6/2018 (HK\$million)	As at 31/12/2017 (HK\$million)	Percentage Increase (+) / Decrease (-)
Total customers' deposits	147,987.5	146,644.7	+0.9%
Total loans and advances before impairment allowances	84,024.8	78,464.6	+7.1%
Total assets	187,570.8	184,530.6	+1.6%
Shareholders' funds	26,393.2	25,468.3	+3.6%

**Summary of 2018 First Half-Year Financial Ratios for Shanghai Commercial Bank**

	As at 30/6/2018	As at 30/6/2017	Percentage Increase (+) / Decrease (-)	As at 31/12/2017	Percentage Increase (+) / Decrease (-)
Loan to deposit ratio	57%	52%	+5%	54%	+3%
Capital adequacy ratio	18.7%	17.6%	+1.1%	18.9%	-0.2%
Liquidity maintenance ratio	45.2%	45.0%	+0.2%	45.6%	-0.4%
Cost-to-income ratio	30.9%	31.9%	-1.0%	33.0%	-2.1%
Net interest margin	1.98%	1.84%	+0.14%	1.86%	+0.12%
Return on average assets	1.5%	1.5%	-	1.4%	+0.1%
Return on average equity	11.0%	10.2%	+0.8%	9.7%	+1.3%