



Press Release

For Immediate Release

**Shanghai Commercial Bank Announced**  
**Consolidated Profit of HK\$2,846 Million for the Year 2018**

The Board of Directors of Shanghai Commercial Bank Limited (the “Bank”) is pleased to announce the consolidated results of the Bank and its subsidiaries (the “Group”) for the year ended 31 December 2018, together with comparative figures for the year 2017. The financial information in this announcement is based on the audited consolidated financial statements of the Group which have been reviewed by Audit Committee of the Bank.

**Hong Kong, 16<sup>th</sup> April 2019** - The consolidated profit after tax of the Bank for 2018 reached a new high of HK\$2,846 million, an increase of HK\$415 million or 17.1% from that for 2017, largely attributable to higher net interest income, particularly at the U.S. branches, and the extraordinary contribution resulting from the termination of the deal to sell Hong Kong Life Insurance Limited (“Hong Kong Life”).

The Bank’s total comprehensive income attributable to equity holders for the year ended 31 December 2018 increased by 57.3% to HK\$3,303 million against 2017, mainly due to the mark-to-market valuation of the holdings of the listed Bank of Shanghai Co., Ltd. (“Bank of Shanghai”) shares and the related reversal of deferred tax provision. On a year-on-year basis, total loans and advances increased by 11.0%, while total customer deposits grew by 5.4%. Loan-to-deposit ratio rose to 56% at the end of 2018, compared with 54% at the end of 2017, while the impaired loan ratio also improved to 0.70% from 0.75% (restated).

The Bank’s net interest income increased by 16.4% and net interest margin widened by 17 basis points to 2.03% for the year. Due to the market volatility in the latter part of 2018, net fee and commission income registered a modest increase of 6.5% on a year-on-year basis, which was



mainly attributable to higher contributions from corporate related income while other investment-related fee-based businesses including Securities and Wealth Management were flat on average when compared to the preceding year.

The Bank's total assets at the end of 2018 amounted to HK\$198 billion, representing an increase of 7.1% or HK\$13 billion compared to that at the end of 2017. Returns on average total assets and average equity for the year were also higher and at 1.5% and 10.7% respectively. The average yearly cost-to-income ratio improved to 32% from that of 33% for 2017. The capital adequacy ratio was 18.6% at the end of 2018 while liquidity maintenance ratio averaged 45.7% for 2018, both at steady levels.

Following the issuance of the first Tier 2 subordinated notes ("the Notes") of US\$250 million on 29 November 2017, the Bank had launched the second issuance of the Notes on 17 January 2019 for US\$300 million with a coupon rate of 5.00% per annum and credit ratings of "BBB+" and "A3" assigned by Fitch and Moody's respectively. The proceeds from the issuance are used to support the planned growth of the Bank's operations and to strengthen the capital base.

On 1 October 2018, the Bank along with the other four shareholders of Hong Kong Life terminated the agreement for the disposal of the insurance arm on the basis that the closing conditions were not satisfied by the long stop date of 30 September 2018. Pursuant to the terms of the share sale agreement, the deposit paid was forfeited.

We are positioned as a commercial bank, specializing in providing devoted personalized banking services to small and medium sized enterprises. We leverage on our overseas network and the long-standing tri-bank strategic alliance in serving our loyal customers deep-rooted in the regions by providing global business support and services in Hong Kong, the Mainland China, the United Kingdom, and the United States that balance efficiency and convenience with security, safety and confidentiality.



In the year ahead, the Bank will take a more cautious approach to preserve good credit quality and to work closely with the smaller enterprises in light of the many more challenges coming from the evolving digital environment and global economies.

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

	As at 31/12/2018 (HK\$million)	As at 31/12/2017 (HK\$million)	Percentage Increase (+)/ Decrease (-)
Interest income	5,456.2	4,344.3	+25.6%
Interest expense	1,847.7	1,244.2	+48.5%
Net interest income	3,608.5	3,100.1	+16.4%
Net fee and commission income	815.5	766.0	+6.5%
Other operating income	532.3	737.7	-27.8%
Operating profit before provisions	3,387.0	3,083.9	+9.8%
Credit impairment losses	28.6	59.4	-51.9%
Operating profit	3,358.4	3,024.6	+11.0%
Profit after tax	2,845.7	2,430.5	+17.1%
Total comprehensive income attributable to equity holders	3,302.9	2,099.9	+57.3%
Total customers' deposits	154,615	146,645	+5.4%
Total loans and advances before impairment allowances	87,088	78,465	+11.0%
Total assets	197,620	184,531	+7.1%
Shareholders' fund	27,821	25,468	+9.2%

**Summary of 2018 Financial Ratios for Shanghai Commercial Bank**

	As at 31/12/2018	As at 31/12/2017	Percentage Increase (+)/ Decrease (-)
Loan to deposit ratio	56%	54%	+2%
Capital adequacy ratio	18.6%	18.9%	-0.3%
Liquidity maintenance ratio	45.7%	45.6%	+0.1%
Cost to income ratio	32%	33%	-1%
Net interest margin	2.03%	1.86%	+0.17%
Return on average assets	1.5%	1.4%	+0.1%
Return on average equity	10.7%	9.7%	+1.0%