

Press Release

For Immediate Release

**Shanghai Commercial Bank Announced
2016 Interim Consolidated Profit of HK\$879.4 Million**

Hong Kong, 30 September 2016 - The consolidated profit after tax of Shanghai Commercial Bank (the “Bank”) for the first half of 2016 was HK\$879.4 million, a decrease of 14.8% compared with the corresponding period in 2015. The Bank’s net interest income was 0.2% lower whilst the net fee and commission income dropped by 26.3%, due mainly to weak market momentum affecting the income from securities brokerage, wealth management and bills businesses, despite life insurance commission had increased by 66.7%. The cost-to-income ratio increased to 38% from the yearly average of 35.2% in 2015 as a result of higher human resources and premises related expenses for streamlining the backend supporting operations.

The Bank’s overall loan-to-deposit ratio declined by 60 basis points to 49.2% from that of 49.8% at the end of 2015 as loans and advances decreased by 1.2% to HK\$63.3 billion, whilst customer deposits maintained at the same level. Average net interest margin at 1.63% was 6 basis points lower than that of 1.69% for the same period last year and 1 basis point lower than the 2015 yearly average of 1.64%, primarily due to lower average yield from interbank placements. Total comprehensive income attributable to equity holders for the first half of 2016 at HK\$1,025.6 million was HK\$441.8 million or 30.1% lower than that of the same period last year, mainly due to revaluation of debt and equity



investments following the depreciation of the CNY currency. Total assets at HK\$160.5 billion and shareholders' funds at HK\$22.7 billion were 0.6% and 0.4% respectively higher than the positions at the last year end. The Bank's average liquidity maintenance ratio and capital adequacy ratio remained at sound and comfortable levels of 50.5% and 19.1% respectively.

During the first half of 2016, the Bank introduced various new digital banking services to enhance transaction convenience, data security and customer experience, including the first-in-town "My Smart Card", embedding functions of a security token, ATM withdrawals and credit card functions into one, the "SCB JETCO Pay" which is a peer-to-peer fund transfer service for Hong Kong customers, "Mobile Futures Trading", and etc. Our Connaught Road Branch in Central focusing on serving high net worth customers commenced business in May 2016.

We stepped up our efforts in strengthening middle and back office functions, including internal controls, compliance, credit risk management, anti-money laundering, Foreign Account Tax Compliance Act (FATCA), cyber security, and so forth, to reinforce our Three Lines of Defence as well as streamlining the cost structure. The Bank's backend and supporting units, including data centre, will be relocated to our self-owned premises at Kowloon Commerce Centre, Kwai Chung in the third quarter of 2016 as scheduled.

Fostering the tri-bank alliance with Bank of Shanghai in Mainland China and our parent bank, The Shanghai Commercial & Savings Bank, Ltd. in Taiwan by leveraging on the Bank's local and international capabilities in Hong Kong, United States, United Kingdom and Mainland China remains a key focus. The Bank's overseas branches in U.S.



continued to record satisfactory performance while our business and London Branch are not impacted by the Brexit Referendum though we will continue to stay vigilant.

The Bank will celebrate the completion of the new headquarters, Shanghai Commercial Bank Tower, at 12 Queen's Road Central in October this year. We will continue to strengthen our existing competitive advantages, enhance capital planning and management, adhere to high standards of compliance, exercise prudent risk management controls and foster a vibrant corporate culture in order to achieve sustainable business growth.

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

- End -

For further enquiries, please contact:
Ms Sybil Kwok
Head of Corporate Communications
Shanghai Commercial Bank Limited
Tel: 2841 5050
Fax: 2526 8320
Email: sybil.kwok@shacombank.com.hk

Summary of 2016 Interim Results for Shanghai Commercial Bank

	Six months ended 30/6/2016 (HK\$million)	Six months ended 30/6/2015 (HK\$million)	Percentage Increase (+)/ Decrease (-)
Interest income	1,808.7	1,861.3	-2.8%
Interest expense	560.3	610.5	-8.2%
Net interest income	1,248.3	1,250.8	-0.2%
Net fee and commission income	321.5	436.0	-26.3%
Other operating income	233.4	190.5	+22.5%
Operating profit before impairment allowances	1,118.9	1,246.9	-10.3%
Charge of impairment losses on loans and advances to customers	9.1	8.9	+1.9%
Operating profit	1,109.8	1,238.0	-10.4%
Profit after tax	879.4	1,032.5	-14.8%
Total comprehensive income attributable to equity holders	1,025.6	1,467.4	-30.1%

	As at 30/06/2016 (HK\$million)	As at 31/12/2015 (HK\$million)	Percentage Increase (+)/ Decrease (-)
Total customers' deposits	129,224.3	129,204.9	+0.02%
Total loans and advances before impairment allowances	63,586.3	64,375.9	-1.23%
Total assets	160,480.8	159,613.3	+0.54%
Shareholders' funds	22,658.1	22,572.5	+0.38%

**Summary of 2016 First Half-Year Financial Ratios
for Shanghai Commercial Bank**

	As at 30/6/2016	As at 30/6/2015	Increase (+)/ Decrease (-)	As at 31/12/2015	Increase (+)/ Decrease (-)
Loan to deposit ratio	49.2%	51.4%	-2.2%	49.8%	-0.6%
Capital adequacy ratio	19.1%	18.5%	+0.6%	19.9%	-0.8%
Liquidity maintenance ratio	50.5%	46.5%	+4.0%	53.1%	-2.6%
Cost-to-income ratio	38.0%	33.6%	+4.4%	35.2%	+2.8%
Net interest margin	1.63%	1.69%	-0.06%	1.64%	-0.01%