



Press Release

For Immediate Release

**Shanghai Commercial Bank Announced  
2020 Interim Consolidated Profit of HK\$1,279 million**

**Hong Kong, 25 September 2020** – The consolidated profit after tax of Shanghai Commercial Bank (the “Bank”) for the first half of 2020 was HK\$1,279 million, a year-on-year decrease of HK\$282 million or 18.1%, partly due to the timing in recognizing the dividend from a strategic investment, which will be recorded in the second half of the year starting from 2020.

The Bank’s net interest income and net fee and commission income were lower year-on-year, while impairment charge had increased due to higher expected credit loss percentage for loans and advances to customers as we continued to optimize our risk governance policy in response to the emerging and heightening risks arising from the domestic and global economic environment.

The Bank’s overall loan-to-deposit ratio dropped from 58% at the end of 2019 to 57% as loans and advances grew by 0.7% to HK\$100 billion, while total customer deposits increased by 0.9% to HK\$174 billion, and average net interest margin narrowed by 30 basis points to 1.73%. Total comprehensive income attributable to equity holders at HK\$831 million was HK\$1,201 million or 59.1% lower than that of the same period last year.

Total assets increased by 0.5% to HK\$224 billion while shareholders’ funds decreased by 0.4% to HK\$30 billion when compared with the corresponding figures at the end of 2019. Returns on average total assets at 1.1% and average equity at 8.4%. The Bank’s financial position remains solid with a strong capital base as indicated by the capital adequacy ratio at 19.5% at the end of June 2020 and a comfortable liquidity maintenance ratio averaged 57.0% for the period.

Standing together with local small and medium-sized enterprises (“SMEs”) against the challenges brought by the on-going pandemic, the Bank supported the ‘SME Financing Guarantee Scheme’ launched by HKMC Insurance Limited to alleviate our corporate



customers the short-term cash flow situation and the financial burdens they experience. In addition, the Bank continues to offer different products and services to facilitate retirement planning by citizens. To address the ever-increasing demand for safer, faster and easier banking services, we have rolled out software token application with biometric authentication to satisfy our customers' online banking needs.

We also continue to be dedicated to helping our customers expand their business interests and investments outside of Hong Kong. We maintain our tri-bank alliance with Bank of Shanghai in Mainland China and our parent bank, The Shanghai Commercial & Savings Bank, Ltd. in Taiwan, and we continue to develop our international and cross-border presence, in London, San Francisco, Los Angeles and New York, Shenzhen and Shanghai.

The COVID-19 pandemic has brought an unprecedented impact on various business sectors, The Bank is devoted in doing the best to keep our customers, staff and community in a position to weather and recover from the economic challenges. The Bank will adopt a more prudent approach for the remainder of 2020 in terms of business growth. We will strive to maintain the credit quality of our loans portfolio with close monitoring, while supporting affected enterprises and SMEs with viable business. We will also continue to stay alert, preparing ourselves for emerging competition from new entrants to our industry, such as virtual banks, mobile payment platforms and other fintech operators.

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

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**Summary of 2020 Interim Results for Shanghai Commercial Bank**

	Six months ended 30/6/2020 (HK\$million)	Six months ended 30/6/2019 (HK\$million)	Percentage Increase (+) / Decrease (-)
Interest income	3,126.1	3,224.5	-3.1%
Interest expense	1,322.3	1,292.4	+2.3%
Net interest income	1,803.8	1,932.1	-6.6%
Net fee and commission income	401.3	437.8	-8.3%
Other operating income	299.3	414.0	-27.7%
Operating profit before impairment allowances	1,705.7	1,951.5	-12.6%
Credit impairment losses	93.6	55.4	+69.0%
Operating profit	1,612.1	1,896.1	-15.0%
Profit after tax	1,278.9	1,561.4	-18.1%
Total comprehensive income attributable to equity holders	830.9	2,032.4	-59.1%

	As at 30/6/2020 (HK\$million)	As at 31/12/2019 (HK\$million)	Percentage Increase (+) / Decrease (-)
Total customers' deposits	173,961.9	172,438.5	+0.9%
Total loans and advances before impairment allowances	99,851.3	99,187.1	+0.7%
Total assets	223,704.5	222,625.1	+0.5%
Shareholders' funds	30,428.7	30,537.9	-0.4%

**Summary of 2020 First Half-Year Financial Ratios for Shanghai Commercial Bank**

	As at 30/6/2020	As at 30/6/2019	Percentage Increase (+) / Decrease (-)	As at 31/12/2019	Percentage Increase (+) / Decrease (-)
Loan to deposit ratio	57%	59%	-2%	58%	-1%
Capital adequacy ratio	19.5%	19.1%	+0.4%	19.5%	+0%
Liquidity maintenance ratio	57.0%	51.3%	+5.7%	53.3%	+3.7%
Cost-to-income ratio	31.9%	29.9%	+2.0%	30.4%	+1.5%
Net interest margin	1.73%	2.03%	-0.30%	2.01%	-0.28%
Return on average assets	1.1%	1.5%	-0.4%	1.4%	-0.3%
Return on average equity	8.4%	11.0%	-2.6%	10.3%	-1.9%