

Press Release**For Immediate Release****Shanghai Commercial Bank Announced
2021 Interim Consolidated Profit of HK\$1,447 million**

Hong Kong, 23 September 2021 –The consolidated profit after tax of Shanghai Commercial Bank Limited (the “Bank”) for the first half of 2021 was HK\$1,447 million, a year-on-year increase of HK\$168 million or 13.1%, largely attributable to a 10.7% surge in net fee and commission income mainly driven by the satisfactory growth in securities brokerage and investment products income, and a lower impairment charge. Benefitted from lower interest expenses on customer deposits, net interest income increased by 3.4% while the average net interest margin for the period narrowed by six basis points to 1.67% from 1.73% for the same period last year.

The Bank’s total comprehensive income attributable to equity holders for the first half ended 30 June 2021 at HK\$1,500 million was HK\$669 million, or 80.5% higher than that for the same period last year, mainly due to the mark-to-market valuation gain in equity investment. The overall loan-to-deposit ratio dropped from 57.2% at the end of 2020 to 56.0% at the end of June 2021 as loans and advances reduced by 1.2% to HK\$100.1 billion while total customer deposits increased by 1.1% to HK\$179.8 billion.

Total assets increased by 2.1% to HK\$231.6 billion and shareholders’ funds grew by 3.7% to HK\$33.6 billion when compared to the corresponding figures at the end of 2020. Returns on average total assets and average equity were at 1.3% and 8.8% respectively. The Bank’s capital and liquidity levels remained robust, with capital adequacy ratio and common equity Tier 1 capital ratio as of 30 June 2021 at 20.6% and 17.4% respectively and the average liquidity maintenance ratio for the period at 59.9%.

Despite the uncertainties brought about by the pandemic coupled with a low interest rate environment, the Bank maintained sound credit quality on corporate and retail exposures, both local and overseas, and achieved a mild increase in net interest income through continued prudent management and effective control on cost of funds. We stood together with our customers and provided personalized banking services for corporate and Small and Medium-sized enterprises (“SMEs”).

Benefitting from market volatility, revenues from securities and wealth management businesses stayed strong in the first half of 2021. The Credit Card Merchant business also saw year-on-year growth as businesses in the retail, food and hospitality sectors gradually resumed normal operations. In line with the roadmap presented by the Hong Kong Monetary Authority, the Bank has been assembling baseline data for Environmental, Social and Governance (“ESG”) performance tracking, and outlining a blueprint for integrating Green and Sustainable Banking (“GSB”) initiatives into our business and operation strategies, as well as developing and selecting green banking solutions and sustainability-related investment products. ESG and GSB awareness will remain important to us, and we will keep abreast of regulatory requirements and development to create sustainable value. We also recognize the importance of reinforcing a sound bank culture and we shall continue to promote our seven core values through a variety of channels as well as tailored team building activities.

Drawing upon the solid foundation we have built in our 70 years of operation and our tri-bank strategic alliance with The Shanghai Commercial & Savings Bank, Ltd. in Taiwan and Bank of Shanghai in Mainland China, we look to explore potential business development opportunities and make advances steadily in our digital transformation journey in the coming years. We will continue to invest in our technology and adopt a prudent approach to increase market share in SME segments, enhance internal efficiency and external competitiveness through digital transformation.

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

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Summary of 2021 Interim Results for Shanghai Commercial Bank

	Six months ended 30/6/2021 (HK\$million)	Six months ended 30/6/2020 (HK\$million)	Percentage Increase (+) / Decrease (-)
Interest income	2,420	3,126	-22.6%
Interest expense	556	1,322	-57.9%
Net interest income	1,864	1,804	+3.4%
Net fee and commission income	444	401	+10.7%
Other operating income	322	299	+7.7%
Operating profit before impairment allowances	1,773	1,706	+3.9%
Credit impairment losses	44	94	-53.2%
Operating profit	1,729	1,612	+7.3%
Profit after tax	1,447	1,279	+13.1%
Total comprehensive income attributable to equity holders	1,500	831	+80.5%

	As at 30/6/2021 (HK\$million)	As at 31/12/2020 (HK\$million)	Percentage Increase (+) / Decrease (-)
Total customers' deposits	179,756	177,797	+1.1%
Total loans and advances	100,083	101,248	-1.2%
Total assets	231,553	226,732	+2.1%
Shareholders' funds	33,590	32,403	+3.7%

Summary of 2021 First Half-Year Financial Ratios for Shanghai Commercial Bank

	As at 30/6/2021	As at 30/6/2020	Percentage Increase (+) / Decrease (-)	As at 31/12/2020	Percentage Increase (+) / Decrease (-)
Loan to deposit ratio	56.0%	57.4%	-1.4%	57.2%	-1.2%
Capital adequacy ratio	20.6%	19.5%	+1.1%	20.1%	+0.5%
Average liquidity maintenance ratio	59.9%	57.0%	+2.9%	56.5%	+3.4%
Cost-to-income ratio	32.6%	31.9%	+0.7%	32.0%	+0.6%
Net interest margin	1.67%	1.73%	-0.06%	1.67%	+0%
Return on average assets	1.3%	1.1%	+0.2%	1.2%	+0.1%
Return on average equity	8.8%	8.4%	+0.4%	8.7%	+0.1%