

Press Release

For Immediate Release

**Shanghai Commercial Bank Announced
2022 Interim Consolidated Profit of HK\$1,251 million**

Hong Kong, 2 September 2022 –The consolidated profit after tax of Shanghai Commercial Bank Limited (the “Bank”) for the first half of 2022 was HK\$1,251 million, a decrease of HK\$195 million or 13.5%, mainly due to the lackluster performance in net fee and commission income which had decreased by 23.7% year-on-year, as securities and investment businesses shrank under weakened sentiment. Net interest income also dropped by 3.8% as cost of customer deposits climbed while income from interest-bearing assets remained flat due to the continued deployment to higher quality and shorter tenor spectrums. Treasury related income had increased year-on-year, with outstanding performance on foreign exchange that was moderated by lower disposal gains from the debt and equity portfolios.

The Bank’s total comprehensive loss attributable to equity holders for the first half of 2022 amounted to HK\$939 million, versus a total comprehensive income of HK\$1,500 million for the same period last year, mainly due to the mark-to-market valuation on the Bank’s debt securities portfolio and equity investments impacted by interest rate hikes and volatilities of stock markets in the Greater China region. The overall loan-to-deposit ratio rose from 52.5% at the end of 2021 to 52.9% at the end of June 2022 as loans and advances grew by 1% to HK\$97.4 billion while total customer deposits increased by 0.2% to HK\$184 billion.

Total assets marginally decreased by 0.5% to HK\$233 billion and shareholders’ funds dropped by 3.7% to HK\$32.9 billion when compared with that as at the end of 2021. Returns on average total assets (“ROA”), average equity (“ROE”) and average liquidity maintenance ratio (“LMR”) for the first half of 2022 were 1.1%, 7.5% and 58.4% respectively. The Bank’s capital and liquidity levels remained robust, with capital adequacy ratio (“CAR”) and common equity Tier 1 capital ratio at 21.4% and 18.1% respectively as at 30 June 2022.

Looking Ahead

In light of the geopolitical uncertainties, expected interest rate hikes, increasing recession fears, and various public health concerns brought about by COVID-19, we foresee continued challenges in our operating environment. The Bank will continue to stay vigilant and prudent on our customers' credit quality while ensuring steady business development in response to market changes. We will explore Environmental, Social and Governance (“ESG”) and Green and Sustainable Banking (“GSB”) related initiatives which have become important strategic areas of growth. We will also maintain our commitment to ongoing investments in our people and digital transformation to better serve our customers with regulatory compliance and risk management staying equally top of mind.

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

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Summary of 2022 Interim Results for Shanghai Commercial Bank

	Six months ended 30/6/2022 (HK\$million)	Six months ended 30/6/2021 (HK\$million)	Percentage Increase (+) / Decrease (-)
Interest income	2,422	2,420	+0.1%
Interest expense	628	556	+12.9%
Net interest income	1,794	1,864	-3.8%
Net fee and commission income	339	444	-23.7%
Other operating income	336	322	+4.3%
Operating profit before impairment allowances	1,588	1,773	-10.4%
Credit impairment losses	46	44	+4.5%
Operating profit	1,542	1,729	-10.8%
Profit after tax	1,251	1,447	-13.5%
Total comprehensive income attributable to equity holders	(939)	1,500	N/A

	As at 30/6/2022 (HK\$million)	As at 31/12/2021 (HK\$million)	Percentage Increase (+) / Decrease (-)
Total customers' deposits	184,004	183,587	+0.2%
Total loans and advances	97,390	96,422	+1.0%
Total assets	232,772	233,933	-0.5%
Shareholders' funds	32,873	34,125	-3.7%

Summary of 2022 First Half-Year Financial Ratios for Shanghai Commercial Bank

	As at 30/6/2022	As at 30/6/2021	Percentage Increase (+) / Decrease (-)	As at 31/12/2021	Percentage Increase (+) / Decrease (-)
Loan to deposit ratio	52.9%	56.0%	-3.1%	52.5%	+0.4%
Capital adequacy ratio	21.4%	20.6%	+0.8%	21.5%	-0.1%
Average liquidity maintenance ratio	58.4%	59.9%	-1.5%	60.5%	-2.1%
Cost-to-income ratio	35.7%	32.6%	+3.1%	32.6%	+3.1%
Net interest margin	1.61%	1.67%	-0.06%	1.66%	-0.05%
Return on average assets	1.1%	1.3%	-0.2%	1.3%	-0.2%
Return on average equity	7.5%	8.8%	-1.3%	8.7%	-1.2%