

**Shanghai Commercial Bank Announced
2023 Interim Consolidated Profit of HK\$1,418 million**

For the first six months ended 30 June 2023, the consolidated profit after tax of Shanghai Commercial Bank Limited (the “Bank”) and its subsidiaries (together the “Group”) was HK\$1,418 million, an increase of HK\$200 million or 16.5%, largely attributable to higher net interest income though offset by lower fee and trading income and higher impairment charges, and the early receipt in June 2023 of a dividend from a strategic investment (compared to last year’s receipt in July 2022).

As a result of global interest rate hikes during the period, the net interest income recorded an increase of 12% with the average net interest margin improved by 27 basis points to 1.88%. Net fee and commission income was 4.2% lower than that of the same period last year due to reduced contribution from the securities brokerage business, and trading income decreased by 14% year-on-year mainly attributable to lower foreign exchange activities. Impairment charges increased to HK\$114 million for the period, mainly resulting from certain loan downgrades. The Group’s total expenses were 5.5% higher than that for the first half of last year, yet the average cost-to-income ratio for the period improved to 33.1% versus 35.6% for the same period last year.

Net comprehensive income attributable to equity holders for the first half of 2023 amounted to HK\$1,686 million, against a net comprehensive loss of HK\$919 million for the same period last year, mainly due to the marked increase in market value of the Group’s debt securities portfolio.

The overall loan-to-deposit ratio dropped marginally from 54.8% at the end of 2022 to 53.6% at the end of June 2023 as loans and advances decreased by 1.8% to HK\$95 billion while total customer deposits increased by 0.4% to HK\$177 billion during the period.

At the end of June 2023, the Group’s total assets increased by 2.3% to HK\$229 billion while shareholders’ funds grew by 4.2% to HK\$35 billion as compared to that at the end of 2022. Returns on average assets and average equity for the first half of 2023 were 1.3% and 8.3% respectively. The Group’s capital level remained robust, with capital adequacy ratio and common equity Tier 1 capital ratio as of 30 June 2023 stood at 25.2% and 21.0% respectively.

Summary of 2023 Interim Results for Shanghai Commercial Bank

	Six months ended 30/6/2023 (HK\$million)	Six months ended 30/6/2022 (restated) (HK\$million)	Percentage Increase (+)/ Decrease (-)
Profit after tax	1,418	1,218	+16.5%
Net interest income	2,009	1,794	+12.0%
Net fee and commission income	323	338	-4.2%
Other non-interest income	469	336	+39.6%
Credit impairment losses	114	46	+147.8%
Net comprehensive income/(loss) attributable to equity holders	1,686	(919)	N/A

	As at 30/6/2023 (HK\$million)	As at 31/12/2022 (HK\$million)	Percentage Increase (+)/ Decrease (-)
Gross loans and advances to customers	94,952	96,722	-1.8%
Deposits from customers	177,287	176,502	+0.4%

Summary of 2023 First Half-Year Financial Ratios for Shanghai Commercial Bank

	30/6/2023	30/6/2022	Increase (+)/ Decrease (-)	31/12/2022	Increase (+)/ Decrease (-)
Net interest margin	1.88%	1.61%	+0.27%	1.75%	+0.13%
Cost to income ratio	33.1%	35.6%	-2.5%	34.7%	-1.6%
Loan to deposit ratio	53.6%	52.9%	+0.7%	54.8%	-1.2%
Return on average assets	1.3%	1.1%	+0.2%	1.1%	+0.2%
Return on average equity	8.3%	7.5%	+0.8%	7.7%	+0.6%
Capital adequacy ratio	25.2%	21.4%	+3.8%	22.0%	+3.2%
Common equity Tier 1 capital ratio	21.0%	18.1%	+2.9%	19.6%	+1.4%