

Wing Lung Bank half-yearly profit after taxation amounted to HK\$458 million, representing an increase of 30.7% over the corresponding period of the previous year.

The Directors of Wing Lung Bank Limited are pleased to announce that the Bank reported an unaudited consolidated profit after tax of HK\$458 million, representing an increase of 30.7% over the corresponding period of the previous year.

The Group operated at a steady even pace as entered 2009. Although market interest rates remained low, the financial market seemed to have stabilised. Given the uncertain economic environment, total deposits of the Group, including structured deposits, for the first half of 2009 surged by 9.4% as compared with that at the end of 2008. Total loans for the first half of 2009 grew by 5.5% as compared with that at the end of 2008. Overall loan quality remained sound with an impaired loan ratio of only 0.49%. As at 30 June 2009, total assets of the Group increased by 10.2% to HK\$110.8 billion as compared to the end of 2008.

As the market interest rates went down, the Group recorded a net interest income decreased by 10.1% compared to the same period last year. Non-interest income (excluding insurance business) increased by a respectable 39.8% as compared to the corresponding period of the previous year, among which the debt securities investment generated substantial profit, while the insurance business achieved a turnaround from loss to profit. Moreover, the Group's impairment charge for credit losses decreased substantially.

The consolidated capital adequacy ratio and core capital adequacy ratio as at the end of June 2009 were 12.4% and 10.7% respectively, and the average liquidity ratio for the first half of the year was 56.8%. On 14 July 2009, the Bank issued a subordinated note in the principal amount of HK\$800 million to China Merchants Bank ("CMB") to enlarge its capital base for future development.

Following the acquisition of the Bank by CMB, the Bank has more room for future expansion with complementary advantages and close collaboration between two banks. With respect to business operation, mutual interaction between CMB and the Bank was launched, including "Account Opening Witnessed by CMB Manager", "China – Hong Kong Express Link", "Sunflower", etc, to provide unique cross border financial services to customers, aiming at widening customer base. Besides, the Bank strives to develop corporate loans and Renminbi settlement of cross-border trade transactions businesses, to secure more trade finance customers, so as to generate more interest income. In addition, the Bank has become the retail business platform of CMB in Hong Kong, and is committed to developing retail market. The Bank established its Des Voeux Road West Branch and China Hong Kong City flagship branch in April and August 2009 respectively, while its Mei Foo Sun Chuen Branch is expected to commence operation in September. Currently, the Bank has 38 branches in Hong Kong.

After acquisition by CMB, the Bank not only receives strong support from CMB, but also expands its horizon for future business expansion with the proactive development of Renminbi-related businesses in Hong Kong. By virtue of the complementary advantages and mutual interaction between the two banks, a sustainable earnings growth driven by a gradually enhanced synergy is expected.

Note: The 2009 Interim Financial Disclosure Statements of Wing Lung Bank containing all the information required by the Banking (Disclosure) Rules has been published on Wing Lung Bank's website.

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