

Press Release (For Immediate Release)

**Wing Lung Bank 2008 Results Announcement**

Wing Lung Bank Limited announced that the Bank reported a consolidated after tax loss of HK\$816 million for 2008.

The Bank's Board of Directors noted that the financial tsunami that originated from the sub-prime mortgage crisis in the US has dealt a severe blow to the global economy, and the banking sector in Hong Kong has also been seriously affected. The Bank's loss was largely due to the allowances of HK\$819 million and HK\$316 million made in full for the Bank's investments in the Collateralised Debt Obligations ("CDO") and Structured Investment Vehicles ("SIV") respectively. Meanwhile, the Bank also set aside provisions for some of its bond and investment holdings, which have dropped in market value owing to the financial tsunami, as well as allowances for the Lehman minibond incident.

Under fierce competition, net interest income of the Bank fell by 14.4% in 2008, attributable to narrowing of the interest margin and the decline in contribution from net free funds as a result of lower market interest rates. Net interest margin dropped by 36 basis points, and the Bank registered a loan-to-deposit ratio of 50.5%. As market conditions adversely changed, commission income on securities brokerage and investment services as well as from the wealth management business fell. Although insurance operating income increased slightly, a loss was incurred after charging for insurance claims.

The Group's consolidated impaired loans dropped by HK\$27.7 million to HK\$82.5 million at 31 December 2008 when compared with 31 December 2007. As a result, the consolidated impaired loan ratio was down from 0.26% to 0.19%. The credit quality of the Bank's loan book remained solid.

The Group's consolidated total assets amounted to HK\$100.6 billion at 2008 year-end, an increase of 7.7% from 2007 year-end level. Despite the aforesaid allowances and provisions made, the capital adequacy ratio and core capital adequacy ratio at 31 December 2008 were 13.8% and 12.0% respectively, and the average liquidity ratio for the year was 51.7%.

After the acquisition of controlling interest in the Bank from the Wu family on 30 September 2008, China Merchants Bank made a general offer to the independent shareholders of the Bank. Having become a member of China Merchants Bank Group, the Bank is privileged to have strong parental support and will be able to explore a much wider new horizon for future development. Much has been achieved in integrating the cultures, strengths and resources of the two banks. The management of both banks are confident that we can collaboratively build an extensive business platform for future expansion in the Pan-Pearl River Delta Region and Hong Kong, to benefit from the synergy, to build up a brand new image, and to provide customers with quality services.

Web site: <http://www.winglungbank.com>