

Wing Lung Bank 2011 Results Announcement

Wing Lung Bank announced that the Bank reported a consolidated profit after tax of HK\$1,857 million for 2011.

The Bank noted that Hong Kong economy grew steadily in 2011. Externally, given uncertain global economic environment, the financial market underwent sharp volatilities. The economic growth in the Mainland moderated due to persistent prudent monetary policy adopted by the government and the weak external demand. 2011 was the third year for China Merchants Bank (“CMB”) to takeover the Bank. Signs of synergies emerged through further collaboration with CMB, promoting coordinated business and enhancing key competencies. Consequently, a remarkable performance was achieved.

The Group recorded a consolidated profit after tax of HK\$1,857 million, representing an increase of 37.7% as compared to that of 2010, which was mainly driven by the net interest income. Non-interest income also increased significantly. During the year, net interest income amounted to HK\$2,089 million, representing an increase of 36.6% as compared to that of 2010. Loan-to-deposit ratio was 61.8%, which was lower by 4.5 percentage points as compared to that at the end of 2010. The net interest margin for the year was 1.47%, up by 14 basis points as compared with the year of 2010. Net non-interest income was HK\$1,356 million, representing an increase of 26.1% as compared to that of 2010. Net fees and commission income amounted to HK\$486 million, representing an increase of 14.0% from that of 2010. Net gain from foreign exchange trading amounted to HK\$356 million, representing an increase of 24.4% over 2010.

At the end of 2011, the total assets of the Group increased by 19.5% to HK\$163.9 billion when compared to that at the end of 2010. Total deposits from customers grew by 10.4% to HK\$115.1 billion, while total advances to customers, including trade bills, increased by 21.0% to HK\$85.3 billion as compared with that at the end of 2010.

As at 31 December 2011, the capital adequacy ratio and core capital adequacy ratio of the Group were 13.9% and 9.6% respectively, and the average liquidity ratio for 2011 was 43.3%.

Looking forward into 2012, global economic conditions will remain complicated and uncertain. The fragility of the advanced economies and the sovereign debt crisis in eurozone will lead to fluctuation in financial market. Protectionist sentiments on trade and exchange fronts may rise in the subdued economic conditions. Advanced economies will continue to adopt loose monetary policy, thus enhancing the threat of inflationary pressure. In view of the downturn of advanced economies, Asian economies are expected to decelerate, and Hong Kong economy will face greater downside risk. Confronted by uncertain economic outlook, Hong Kong banking sector will see greater challenges ahead. The Bank will continue to maintain vigilance, and focus on strengthening risk management, improving resources allocation and enhancing cost control. Being a member of the CMB Group, the Bank is privileged to have strong parental support and much room for further development. The Bank will strive to realise synergy effects through further integration and collaboration with CMB. Meanwhile, the Bank will also cooperate with CMB to build a cross-border financial service platform so as to enhance competitive edge and improve overall profitability.

Note: The 2011 Annual Report of Wing Lung Bank containing all the information required by the Banking (Disclosure) Rules has been published on Wing Lung Bank’s website.

Website: <http://www.winglungbank.com>

28 March 2012