

## **Wing Lung Bank 2012 Results Announcement**

Wing Lung Bank announced that the Group recorded a profit attributable to shareholders of HK\$2,131 million for 2012.

The Bank noted that the Hong Kong economy grew moderately in 2012. Externally, the global economic environment was sluggish. The eurozone economy was clouded by the European debt crisis, and the US economy continued its slow recovery pace. The Mainland economy saw a modest growth given weak external demand and persistent rebalancing of economy by the government. 2012 was the fourth year for China Merchants Bank (“CMB”) to takeover the Bank. The Bank strived to strengthen its collaboration with CMB, promote coordinated business as well as enhance key competencies, and sign of synergies emerged. The Bank achieved remarkable results and established a solid foundation for building cross-border financial service platform.

The Group recorded a profit attributable to shareholders of HK\$2,131 million, representing an increase of 14.1% as compared with that in 2011(as restated), which was mainly driven by net interest income. During the year, net interest income amounted to HK\$2,504 million, representing an increase of 19.9% as compared with that of 2011. Loan-to-deposit ratio was 62.9%, which was higher by 1.1 percentage points as compared to that at the end of 2011. The net interest margin for the year was 1.57%, up by 10 basis points as compared with that of 2011. Non-interest income recorded a decline as compared with that of 2011, primarily due to the prudent investment sentiment across global markets amidst the sluggish US economy and the European debt crisis. Insurance business achieved a net operating income of HK\$115 million, representing an increase of 37.9% as compared with that of 2011.

At the end of 2012, the total assets of the Group increased by 9.2% to HK\$178.9 billion when compared to that at the end of 2011. Total deposits from customers grew by 14.7% to HK\$132.1 billion, while total advances to customers, including trade bills, increased by 16.4% to HK\$99.3 billion as compared with that at the end of 2011. The impaired loan ratio was 0.10%.

As at 31 December 2012, the capital adequacy ratio and core capital adequacy ratio of the Group were 14.9% and 10.0% respectively, and the average liquidity ratio for 2012 was 45.0%.

2013 is anticipated to be a year full of uncertainties. It is expected that the eurozone sovereign debt crisis will still adversely affected the eurozone economy. The fundamentals of the US economy will remain weak. The persistent high unemployment in US and Europe may give rise to protectionist sentiments and trade conflicts. The introduction of the quantitative easing measures by advanced economies, coupled with the heightened geopolitical tension and unstable political environment in the Middle East, will add uncertainties to the global economy. In view of uncertain economic outlook, the operating environment continues to be challenging for the banking sector. The Bank will stay alert to the ever-changing operating environment. Great emphasis will be placed on strengthening risk capabilities, tightening cost control measures and improving resources allocation. Being a member of the CMB group, the Bank has strong parental support and much room for further development. The Bank will devote great effort to realising synergies through strengthening its integration and collaboration with CMB. Meanwhile, the Bank will also cooperate with CMB to build a cross-border financial service platform, so as to strengthen competitive edge and enhance overall profit growth.

Note: The 2012 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>

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