

Wing Lung Bank 2013 Results Announcement

Wing Lung Bank announced that the Group recorded a profit attributable to shareholders of HK\$2,597 million for 2013.

The Bank noted that the Hong Kong economy maintained steady growth in 2013. Externally, the global economic environment was challenging. The recovery of US economy remained slow. The Eurozone economy was clouded by high unemployment rate and structural problems. The emerging market saw a modest growth. The Mainland economy has stayed resilient and was the driving force of economic growth in the region. 2013 was the fifth year for China Merchants Bank (“CMB”) to takeover the Bank. The Bank realised synergy effects through further collaboration with CMB, promoting coordinated business and enhancing key competencies. Consequently, the Bank achieved remarkable results and established a solid foundation for building a cross-border financial service platform.

For the year ended 31 December 2013, the Group recorded a profit attributable to shareholders of HK\$2,597 million, representing an increase of 22.4% as compared with that in 2012 (as restated), which was mainly attributable to a year-on-year increase of HK\$714 million in operating income from its major businesses, and substantial increase in the value of investment properties. During the year, net interest income amounted to HK\$3,047 million, representing a year-on-year increase of 21.7% as compared with that of 2012. Loan-to-deposit ratio was 66.2%, up by 3.2 percentage points as compared to that at the end of 2012. The net interest margin for the year was 1.58%, up by 1 basis point as compared with that of 2012. Net non-interest income was HK\$1,382 million, representing an increase of 14.1% as compared with that of 2012. Net fees and commission income amounted to HK\$630 million, representing a significant year-on-year increase of 35.1%, which was primarily attributable to the increase in the income from securities brokerage and investment services as well as loan services. Insurance business posted net operating income of HK\$122 million, representing a year-on-year increase of 6.1%, while other operating income rose by 14.3% to HK\$250 million.

At the end of 2013, the total assets of the Group increased by 21.5% to HK\$217.2 billion when compared to that at the end of 2012 (as restated). Total deposits from customers grew by 17.4% to HK\$155.1 billion, while total advances to customers, including trade bills, increased by 32.9% to HK\$132.0 billion as compared with that at the end of 2012. The impaired loan ratio was 0.09%.

As at 31 December 2013, total capital ratio and tier 1 capital ratio of the Group were 14.8% and 10.0% respectively, and the average liquidity ratio for 2013 was 41.3%.

Looking ahead 2014, the global economy will remain uncertain. The US economy may see signs of improvement. However, the exit strategy and interest policy adopted by Federal Reserve Board will bring about uncertainties. Although the Eurozone has pulled out of recession, the high unemployment rate and structural problems have yet to be solved. Emerging market is expected to show moderate growth given low interest rates and ample liquidity under the loose global monetary environment. It is anticipated that the accelerated economic growth in the Mainland will provide crucial support to the regional economy. Confronted by complicated and uncertain economic outlook, the operating environment continues to be challenging for the banking sector. The Bank will continue to maintain vigilance and strengthen its risk management. Great emphasis will be placed on fine-tuning operation procedures, enhancing efficiency, improving resources allocation and tightening cost control measure. Being a member of the CMB group, the Bank is privileged to have strong parental support and wide range of business area for further development. The Bank will strive to realise synergy effects through further integration and collaboration with CMB. Moreover, the Bank will also cooperate with CMB to build a cross-border financial service platform, so as to strengthen competitive edge and enhance profitability.

Note: The 2013 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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