

## **Wing Lung Bank 2014 Results Announcement**

Wing Lung Bank announced that the Group recorded a profit attributable to shareholders of HK\$3,169 million for 2014.

The Bank noted that Hong Kong economy maintained moderate growth in 2014. Externally, the global economy recovered slowly at an uneven pace across the world. US economy gradually picked up. The Eurozone economy remained weak. Japan slipped into recession. The major emerging economies showed decelerating growth, of which Asian emerging economies remained firm. The Mainland economy stayed steady growth. 2014 was the sixth year for China Merchants Bank (“CMB”) to takeover the Bank. The Bank realized synergy effects through further collaboration with CMB, actively promoting cross-border 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 2014, the Group recorded a profit attributable to the shareholders of HK\$3,169 million, representing a year-on-year increase of 22.0%, which was mainly driven by the increase in net interest income. There was also a significant increase in non-interest income. During the year, net interest income amounted to HK\$3,897 million, representing an increase of 27.9% as compared with that in 2013, which was mainly attributable to the increase in average loan amount. Loan-to-deposit ratio was 63.5%, down by 2.7 percentage points as compared to that at the end of 2013. The net interest margin for the year was 1.72%, up by 14 basis points as compared with that for the year of 2013. Net non-interest income was HK\$1,674 million, representing an increase of 21.2% as compared with that of 2013. Net fees and commission income amounted to HK\$732 million, representing a year-on-year increase of 16.1%, which was primarily attributable to the increase in the income from securities brokerage and investment services as well as trade finance. Insurance business posted net operating income of HK\$181 million, representing a significant year-on-year increase of 48.3%, while other operating income rose by 44.7% to HK\$361 million. Net gains in foreign exchange trading increased by 20.4% to HK\$372 million when compared with that of 2013.

At the end of 2014, the total assets of the Group increased by 14.0% to HK\$247.6 billion when compared to that at the end of 2013. Total deposits from customers grew by 18.2% to HK\$183.4 billion, while total advances to customers, including trade bills, increased by 16.7% to HK\$154.1 billion as compared with that at the end of 2013. The impaired loan ratio was 0.06%.

As at 31 December 2014, common equity tier 1 capital ratio, tier 1 capital ratio and total capital ratio of the Group were 10.8%, 12.1% and 16.0% respectively, and the average liquidity ratio for the reporting period was 42.5%.

Looking ahead 2015, global economy will remain uncertain. The US is expected to further foster its economic growth but the interest policy adopted by the Federal Reserve is hard to predict. Amid the anticipation of structured problems in Eurozone and Japanese economy and the rise in deflation, economic recovery was greatly hampered. Currency policies of key central banks deviated from the market, coupled with heightened geopolitical tension in Eastern Europe and Middle East and drop in oil price, hitting the global finance badly. Given their solid fundamentals, Asian emerging economies are expected to perform well. Although the Mainland economy has stayed prudent, it will face the pressure of economic downturn. In view of 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 capabilities. Great emphasis will be placed on finetuning operating procedures, enhancing efficiency, tightening cost control measures and effectively improving resources allocation. Being a member of the China Merchants Bank Group, the Bank has strong parental support and wide business scope 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 its competitive edge and enhance its profitability.

Note: The 2014 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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