

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

Wing Lung Bank (“the Bank”) announced that the Bank reported an unaudited consolidated profit after tax of HK\$1,037 million for the six months ended 30 June 2012, representing an increase of 5.8% as compared with the corresponding period of previous year.

Hong Kong’s economy showed signs of slowing down in the first half of 2012. Total export of goods recorded a decline due to slack external demand. Internally, private consumption remained on the growth path given low unemployment rate, rising wages and expanding domestic demand. Inflation stayed on an easing path as increases in food prices and rentals tapered. Global economic conditions deteriorated amid sluggish US economic conditions and intensifying sovereign debt crisis in Eurozone. In view of weak overseas demand, the Mainland economy grew at a moderate pace. In the light of uncertainties on global economic conditions, the operating environment of the banking sector became challenging.

For the period ended 30 June 2012, the Group recorded a net interest income of HK\$1,265 million, representing an increase of 43.2% as compared with the corresponding period of 2011; the net interest margin for the first half of 2012 was 1.63%, up by 30 basis points as compared with the corresponding period of 2011. Net non-interest income fell due to the decrease in income from foreign exchange trading and securities businesses. The insurance business achieved a net operating income of HK\$57.72 million, representing an increase of 7.1% as compared with the corresponding period of 2011.

As at 30 June 2012, total assets of the Group increased by 6.0% to HK\$173.6 billion as compared to the end of 2011. Total deposits from customers of the Group increased by 6.9% to HK\$123.1 billion as compared with that at the end of 2011. Total advances to customers, including trade bills, grew by 4.3% to HK\$89.0 billion as compared with that at the end of 2011. Overall loan quality remained sound with an impaired loan ratio of 0.36%.

As at 30 June 2012, the capital adequacy ratio and core capital adequacy ratio of the Group were 13.4% and 9.7% respectively, and the average liquidity ratio for the period was 45.9%.

Being a member of the China Merchants Bank (“CMB”) group, the Bank has strong parental support and a wider new horizon for further development. The Bank will strive to realize synergy effects through further integration and collaboration with CMB, promoting cross-border business coordination as well as enhancing key competencies. Moreover, the Bank will also cooperate with CMB to build a cross-border financial service platform, so as to strengthen its competitive edge and profitability.

Note: The 2012 Interim Financial 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>

17 August 2012