

Wing Lung Bank 2014 Interim Results Announcement

Wing Lung Bank (“the Bank”) announced that the Group recorded an unaudited profit attributable to shareholders of HK\$1,562 million for the six months ended 30 June 2014, representing an increase of 21.0% as compared with the corresponding period of previous year.

Hong Kong economy slowed down to a mere 1.8% year-on-year growth in real terms in the second quarter of 2014. Import demand in the advanced economies showed signs of improvement but had yet to rebound in a significant way. Exports of goods in Hong Kong picked up slightly in growth. Given weakening private consumption and declining investment expenditure, domestic demand saw growth slowdown. Along with low unemployment rate and improved income, the labour market held stable. In view of the mild increase in private residential rental and moderate imported inflation, inflationary pressures continued an easing trend. Externally, the US economy resumed growth in the second quarter following the contract in the first quarter amid adverse weather conditions. The recovery of eurozone economy stayed at a slow pace given the structural problems. The Mainland economy sustained its growth momentum and maintained steady growth. The uncertainties arising from the US monetary policy normalisation and geopolitical tensions adversely affected the global financial markets. In light of uncertain economic conditions, the operating environment was challenging for the banking sector.

For the six months ended 30 June 2014, the Group recorded a net interest income of HK\$1,914 million, representing a year-on-year increase of 40.7% as compared with the corresponding period of 2013, which was mainly attributable to the increase in average loan amount and the widening of the net interest margin for the first half of 2014 by 23 basis points to 1.75% as compared with that for the corresponding period of 2013. Net non-interest income was HK\$781 million, representing an increase of 20.1% as compared with the corresponding period of 2013. Net fees and commission income amounted to HK\$331 million, representing an increase of 4.9% as compared with the corresponding period of 2013, which was primarily attributable to the increase in the income from securities brokerage, investment services and trade finance services. Insurance business posted net operating income of HK\$83.75 million, representing an increase of 25.9% as compared with the corresponding period of 2013, while other operating income rose by 78.4% to HK\$196 million. As for trading gains, the Bank recorded a total net gain of HK\$166 million in the first half of 2014, representing an increase of 4.3% as compared with the corresponding period of 2013. Net gain from foreign exchange trading amounted to HK\$168 million, representing an increase of 14.4% as compared with the corresponding period of 2013.

As at 30 June 2014, total assets of the Group increased by 13.4% to HK\$246.3 billion as compared to the end of 2013. Total deposits from customers of the Group increased by 18.7% to HK\$184.1 billion as compared with that at the end of 2013. Total advances to customers, including trade bills, grew by 9.1% to HK\$144.1 billion as compared with that at the end of 2013. Overall loan quality remained sound with an impaired loan ratio of 0.08%.

As at 30 June 2014, total capital ratio of the Group was 14.6%. Common equity tier 1 capital ratio and tier 1 capital ratio of the Group were both 10.3%. The average liquidity ratio for the reporting period was 42.3%. All were above statutory requirements.

Being a member of the China Merchants Bank (“CMB”) group, the Bank has strong parental support and much room 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 2014 Interim Financial Disclosure Statements 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>

29 August 2014