

CMB WING LUNG BANK 2020 RESULTS ANNOUNCEMENT

(Hong Kong, 19 March, 2021) – CMB Wing Lung Bank Limited (“the Bank”/“CMB Wing Lung Bank”) announced that the Bank and its subsidiaries (“the Group”) recorded a profit attributable to shareholders of HK\$2,872 million for 2020.

In 2020, the Hong Kong economy shrunk sharply amid the onslaught of the COVID-19 pandemic. Total export of goods recorded a slight decrease. Domestic demand plummeted and private consumption expenditure fell significantly. The labour market deteriorated sharply. Consumer price inflation receded noticeably. Externally, the COVID-19 pandemic dealt a heavy blow to global economy. With the early containment of pandemic, the Mainland adhered to the general working guideline of making progress while maintaining stability. The Mainland economy recovered steadily with main goals accomplished better than expectation, and was the only major economy with positive annual growth. In 2020, the Bank realized synergy effects through further collaboration with China Merchants Bank Co., Ltd. (“CMB”), actively promoting cross-border coordinated business, fostering strategic transformation and enhancing key competencies. Consequently, the Bank established a solid foundation for building a cross-border integrated financial platform.

For the year ended 31 December 2020, the Group recorded a profit attributable to the shareholders of HK\$2,872 million, representing a decrease of 28.0% as compared with that of 2019, which was mainly due to decrease in net interest income and losses arising from changes in the fair value of investment properties. During the year, net non-interest income was HK\$2,147 million, representing an increase of 12.8% as compared with that of 2019, which was attributable to the increase in net fees and commission income by 25.3% to HK\$1,089 million as compared with that of 2019. Net fees and commission income from securities brokerage and investment services increased by 53.7%. Net trading gain increased by 53.1% to HK\$370 million as compared with that of 2019. However, the increase was partly offset by the decrease in net insurance operating income by 27.2% to HK\$343 million and the decrease in rental income from the investment properties by 32.0% when compared with that of 2019. Net interest income was HK\$3,858 million, representing a decrease of 26.1% as compared with that of 2019, which was mainly due to the decrease of net interest margin for the year by 60 basis points to 1.18% as compared with that for the year of 2019. During the reporting period, the average balance of loans, debt securities investment and customer deposits increased.

As at 31 December 2020, total assets of the Group amounted to HK\$380.0 billion, representing an increase of 11.2% as compared with that at the end of 2019. Total deposits from customers increased by 11.1% to HK\$270.1 billion. Total advances to customers, including trade bills, increased by 5.0% to HK\$194.3 billion as compared with that at the end of 2019. The impaired loan ratio was 0.53%.

As at 31 December 2020, common equity tier 1 capital ratio, tier 1 capital ratio and total capital ratio of the Group were 13.3%, 16.3% and 18.7% respectively, the net stable funding ratio was 134.3% and the average liquidity coverage ratio for the fourth quarter was 172.5%.

Looking ahead into 2021, the global economy will be full of uncertainties. The pace of global economic recovery will hinge on the development of the COVID-19 pandemic. Confronted by complicated and everchanging economic outlook, the operating environment continues to be challenging for the Bank. The Bank will seize present opportunities, focus on long-term target and maintain its strategic focus. The Bank will further strengthen risk management capabilities, fine-tune operation procedures, enhance work efficiency, tighten cost control measure and improve resources allocation. The Bank will further deepen its collaboration with CMB, put forward the business philosophy of green finance and sustainable development as well as foster its digital transformation strategy. Meanwhile, the Bank will also cooperate with CMB to build a cross-border integrated financial platform, so as to strengthen its core competitive edge and enhance its profitability.

Note: The Annual Financial Statements and the Regulatory Disclosures for the year ended 31 December 2020 containing all the information required by the Banking (Disclosure) Rules have been published on CMB Wing Lung Bank's website.

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About CMB Wing Lung Bank Limited:

CMB Wing Lung Bank (formerly known as Wing Lung Bank), founded in 1933, is among the oldest local Chinese banks in Hong Kong. Following its motto of "Progress with prudence, service with sincerity", the Bank provides comprehensive banking services, including deposits, loans, private banking and wealth management, investment, securities, credit cards, NET Banking, "CMBWLB Wintech" mobile banking services, global cash management, syndicated loans, corporate financing, bills, hire-purchase and leasing, foreign exchange, insurance agency, Mandatory Provident Fund, etc. CMB Wing Lung Bank also provides insurance broking and general insurance underwriting, property management, trustee, nominee services as well as asset management through its wholly-owned subsidiaries. At present, the Bank has 41 banking business outlets and CMB Wing Lung Private Banking Centre in mainland China, Hong Kong, Macau and overseas, and a staff force of more than 2,000 people. As at 31 December 2020, its consolidated total assets amounted to HK\$380.0 billion. In 2008, CMB Wing Lung Bank was acquired by China Merchants Bank Co., Limited (China Merchants Bank). On the list of Top 500 Banking Brands of The Banker, CMB has jumped into the Top 10, ranking 9th in 2019.

For more information about CMB Wing Lung Bank, please visit the Bank's website at www.cmbwinglungbank.com.

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