



OCBC WING HANG BANK LIMITED

Consolidated Income Statement

(Expressed in thousands of Hong Kong dollars unless otherwise stated in the text)

	2014	2013	Change
Interest income	6,597,672	5,932,327	
Interest expense	(3,069,756)	(2,593,856)	
Net interest income	3,527,916	3,338,471	5.7%
Other operating income	891,489	845,592	5.4%
Operating income	4,419,405	4,184,063	5.6%
Operating expenses	(2,240,738)	(2,236,245)	0.2%
Operating profit before impairment losses and allowances	2,178,667	1,947,818	11.9%
Impairment losses and allowances	(209,536)	(86,347)	142.7%
Operating profit after impairment losses and allowances	1,969,131	1,861,471	5.8%
Net gains on revaluation of properties and disposal of tangible fixed assets	3,501	315,520	
Net (losses) / gains from trading and financial instruments designated at fair value through profit or loss	(99,352)	116,686	
Net gains on disposal of available-for-sale financial assets	88,905	210,596	
Share of net gains of associated companies	50,955	51,257	
Profit before taxation	2,013,140	2,555,530	-21.2%
Taxation	(311,309)	(368,407)	
Profit for the year attributable to equity shareholders of the Bank	1,701,831	2,187,123	-22.2%

Consolidated Balance Sheet*(Expressed in thousands of Hong Kong dollars unless otherwise stated in the text)*

	31st December, 2014	31 st December, 2013
ASSETS		
Cash and balances with banks, central banks and other financial institutions	7,583,054	7,564,466
Placements with banks, central banks and other financial institutions	19,645,875	19,216,094
Amounts due from ultimate holding company and fellow subsidiaries	7,031,024	-
Trading assets	1,916,608	2,440,744
Financial assets designated at fair value through profit or loss	7,094,386	8,221,040
Advances to customers and other accounts	159,450,435	142,356,699
Held-to-maturity investments	-	4,391,766
Available-for-sale financial assets	26,209,405	24,163,415
Investments in associated companies	311,974	252,554
Tangible fixed assets		
- Investment properties	169,000	163,100
- Other properties, plants and equipment	4,543,407	4,263,426
Goodwill	1,306,430	1,306,430
Current tax recoverable	24,223	7,322
Deferred tax assets	22,617	28,833
Total assets	235,308,438	214,375,889
EQUITY AND LIABILITIES		
Deposits and balances of banks, central banks and other financial institutions	2,312,768	3,258,322
Amounts due to ultimate holding company and fellow subsidiaries	1,909,896	-
Deposits from customers	195,255,992	177,909,960
Certificates of deposit issued	5,167,145	4,186,223
Trading liabilities	568,789	773,110
Current tax payable	109,352	207,753
Deferred tax liabilities	208,794	149,093
Other accounts and provisions	3,098,629	3,021,929
Subordinated liabilities	3,269,087	3,169,279
Total liabilities	211,900,452	192,675,669
Share capital: nominal value	-	307,425
Other statutory capital reserves	-	1,406,517
Share capital and other statutory capital reserves	1,740,750	1,713,942
Reserves	21,667,236	19,986,278
Total equity	23,407,986	21,700,220
Total equity and liabilities	235,308,438	214,375,889

Summary of 2014 Financial Ratios

	2014	2013	Change
Adjusted loan to deposit ratio	68.4%	67.0%	1.4%
Tier 1 capital ratio	11.7%	12.0%	-0.3%
Total capital ratio	15.3%	15.9%	-0.6%
Average liquidity ratio	37.5%	38.6%	-1.1%
Cost to income ratio	50.7%	53.4%	-2.7%
Net interest margin	1.64%	1.72%	-0.08%
Return on average assets	0.76%	1.07%	-0.31%
Return on average shareholders' funds	7.6%	10.6%	-3.0%

CEO statement

We are pleased with our full year performance. Our results demonstrate the steady growth that we have been able to achieve across all business divisions in a year marked by intense competition in deposits, especially in RMB deposits. We grew total operating income in 2014 to HK\$4,419.4 million, a rise of 5.6% from HK\$4,184.1 million in 2013. Our earnings were supported by a rise in net interest income to HK\$3,527.9 million and a rise in other operating income to HK\$891.5 million. We also continued to grow customer loans and deposits, which rose 11.5% and 9.7% respectively over the previous year. Loan growth was underpinned by demand from residential mortgages, wholesale and retail trade, auto and equipment leasing, corporate and consumer lending as well as increased loan demand in Macau and China while deposit growth was fuelled by increase in time deposits. Our asset quality remains sound, reflected by an improvement in our impaired loans from HK\$594.6 million in 2013 to HK\$552.0 million. Our impaired loans ratio improved to 0.37 percent from 0.44 percent in 2013.

Profit attributable to shareholders was HK\$1,701.8 million, 22.2% lower than previously, in part, a result of extraordinary gains in 2013 of HK\$420.9 million from the disposal of properties and financial assets. As part of our integration into the OCBC Group, we also incurred one-time charges of HK\$153.7 million in 2014 including expenses on rebranding Wing Hang Bank to OCBC Wing Hang and specific provisions made for the alignment of loan provisioning policies with OCBC Group. Excluding these one-time gains, expenses and provisions, net profit in 2014 was 5.1% higher than in 2013.

Our growth momentum remains strong, particularly, with our inclusion into the larger OCBC Group which has created synergistic opportunities for deepening customer relationships, expansion of market coverage and the broadening of our product and service suite. Integration efforts have been fully set in motion, with extensive collaboration taking place across business divisions. We are working on enlarging our suite of wealth management services, shoring up our treasury capabilities and are already facilitating an increasing number of cross-border trades, among the specific initiatives that we have embarked on to derive synergistic value for the bank.

This year, we expect an increasing interest rate environment amid slower economic growth in Mainland China. Against such a backdrop, we continue to be well-positioned for sustained growth even as we realise the potential and opportunities that are now availed to us as part of the OCBC franchise.