

Chong Hing Bank Announces 2016 Interim Results

(Hong Kong — 22 August 2016) Chong Hing Bank Limited (“Chong Hing Bank” or the “Bank”; stock code: 01111) announces its satisfactory interim results for the six months ended 30 June 2016. The Bank’s core business lines and overall financial health remained strong, asset quality was sound, and profitability from core business was enhanced.

- Operating profit before impairment allowances was HK\$666 million, an improvement of 8% from the corresponding period in previous year
- Net interest income at HK\$983 million was 16% higher than same period last year. Net interest margin at 1.63% was 12 basis points more than the corresponding period in previous year
- As of 30 June 2016, compared with the figures as of 31 December 2015, total loans and advances to customers increased by 1% to HK\$64,383 million. Other advances to customers actually rose 8% in the first half of 2016 to HK\$63,020 million as the Bank continued to expand its cross border business through lending to Mainland customers in Hong Kong
- With careful management on credit risk, asset quality of loans and advances remained sound with impaired loan ratio at 0.10%, non-performing loan ratio at 0.88% and provision coverage of impaired loans and advances at 446%. Both the impaired loans and the non-performing loans are well secured
- While the Bank continued to invest on people, outlets in the Mainland and system, through efficiency gain and proper cost control, the Bank managed to keep a positive jaw and the cost to income ratio improved to 45.6%
- The Bank’s core business lines and overall financial health are strong and sound, asset quality is good, impaired loan ratio remained low, provision coverage high, and capital adequacy ratio and liquidity maintenance ratio are well above the relevant statutory requirements

The major financial ratios for the first half of 2016 are as follows:

- Return on shareholders’ equity: 7.98% (annualised)
- Average liquidity maintenance ratio: 43.01%
- Total capital ratio: 17.12% as of 30 June 2016
- Tier 1 capital ratio: 14.90% as of 30 June 2016
- Loan to deposit ratio: 71.78% as of 30 June 2016

- An interim cash dividend of HK\$0.15 per share is declared for the six months ended 30 June 2016 (2015 interim cash dividend: HK\$0.21 per share)

Mrs Leung Ko May Yee Margaret, Deputy Chairman, Managing Director and Chief Executive of Chong Hing Bank, said, “The global financial market is expected to remain volatile in the coming months. Business environment is expected to be challenging and competitive. The Bank will continue to uphold its sound and prudent business philosophy. While strengthening its Hong Kong business, the Bank will also develop its business in the Mainland. 2016 is the first year of China’s “13th Five-Year Plan”. Leveraging the business and customer advantages built up, coupled with the continuing support from Yue Xiu Group, the Bank will seize the opportunities arising from the major strategies initiated by the Chinese government, including Renminbi internationalisation and the “One Belt, One Road” policy, to accelerate the development of cross-border financial services for individual and corporate customers in Guangdong and Hong Kong and to grow in a sustainable manner with risk properly controlled.”

Mr Zhang Zhaoxing, Chairman of Chong Hing Bank, talked about the Chong Hing Bank’s development strategy in the Mainland and said, “As the major shareholder of Chong Hing Bank, Yue Xiu Group fully supports the Bank’s growth strategy, particularly into the Mainland. This gives the Bank the unique advantage of being able to build a strong base in Guangzhou and in time to use Guangzhou as the anchor to expand into other cities and provinces in the Mainland. Before 2014, the Bank’s presence in the Mainland was rather limited with only one branch in Shantou. By the end of June 2016, Chong Hing Bank has two branches (Guangzhou and Shantou) and three sub-branches (Guangzhou Tianhe, Foshan and Nansha Free Trade Zone). The Hengqin Branch will be opened in the third quarter while the preparation of Shenzhen Branch is now in progress. The Bank will continue to expand its network and build up a customer base in the Mainland as part of a long-term strategic plan to expand internationally into the Asia-Pacific region.”

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About Chong Hing Bank

Chong Hing Bank (formerly known as “Liu Chong Hing Bank”) was founded in 1948. The Bank is listed on the main board of the Hong Kong Stock Exchange. The Bank with its Head Office in Hong Kong and 45 local branches, together with its subsidiaries and affiliates, offers a wide range of banking solutions to individual and corporate customers, which include HKD and foreign currency deposits, credit, wealth management, investment, securities, insurance, mandatory provident fund and other commercial banking products. The Bank has branches in Guangzhou, Shantou and Macau, sub-branches in Guangzhou Tianhe, Foshan and Nansha, and representative offices in Shanghai and San Francisco.

Chong Hing Bank has been a member of Yue Xiu Group since 14 February 2014. Yue Xiu Group was established in Hong Kong in 1985. As at the end of 2015, Yue Xiu Group had total assets exceeding RMB400 billion, which is the largest state-owned enterprise group in Guangzhou in terms of asset size with leading performance in overall economic efficiency.

For other information about Chong Hing Bank, please go to the Bank’s website www.chbank.com.

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