

財務及業務回顧

FINANCIAL RESULTS AND OPERATION REVIEW

承接著上年復蘇的勢頭，二〇〇五年香港的經濟繼續保持增長，樓價回升，股市暢旺，就業情況逐步改善，財富效應刺激了內部消費增加，而通脹亦逐漸呈現。

本行截至二〇〇五年十二月三十一日止年度之綜合溢利，經扣除稅項準備後為港幣1,108,815,000元，相等於每股盈利港幣4.78元，較二〇〇四年增加7.4%，主要是淨利息收入回復上升及投資物業重估盈餘有所增加；惟非利息收入則呈下跌，是年度提撥貸款減值準備，而去年則有較大之呆壞賬準備回撥。

貸存比率為62.6%，較二〇〇四年底之54.4%為高，同業競爭雖然劇烈，淨息差仍稍為擴闊，淨利息收入增加5.9%。

保險業務淨收益與去年比較上升4.8%，其他營業收入則下降10.3%，主要是證券經紀及證券買賣收益減少。

營業支出上升7.9%，主要是職員人數增添和業務推廣之費用增加較多所致。成本對收入比率為29.9%，增加2.4%。

本行資產質素保持良好，年內已減值

Following the economic pick-up in 2004, the local economy is on a steady growth track. Rising property prices, active stock market and improving employment situation stimulated domestic consumption. Meanwhile, inflation has started to take shape.

The consolidated net profit for the year ended 31 December 2005, after making provision for taxation, amounted to HK\$1,108,815,000. Earnings per share was HK\$4.78, up 7.4% from 2004 year-end level. This increase was mainly brought about by net interest income growth and revaluation surplus on investment properties. However, non-interest income dropped as compared with last year. The Bank made impairment allowances on loans and advances in 2005, whereas there was a large write back in bad and doubtful debts in 2004.

The Bank registered a loan-to-deposit ratio of 62.6%, higher than that of 54.4% in 2004. Interest rate spread widened slightly in spite of fierce competition. Net interest income rose by 5.9%.

Net profit from insurance operations went up by 4.8%, while other operating income dropped by 10.3%, mainly attributable to the decrease in income from securities broking and trading.

Operating expenses went up by 7.9% mainly due to the increase in the number of employees and the rise in marketing and business promotion expenses. The cost-to-income ratio was 29.9%, representing an increase of 2.4%.

The Bank's asset quality remained at a satisfactory level with impaired loans amounting to HK\$247,248,000, being 0.67% of gross advances. Charge for impairment allowances on loans and advances was HK\$19,830,000.

貸款為港幣247,248,000元，佔總放款0.67%，提撥貸款減值準備港幣19,830,000元。

本行綜合資產與二〇〇四年底比較上升5.2%，平均資產回報率為1.52%，平均股東資金回報率為11.25%，集團於二〇〇五年十二月三十一日之資本充足比率為17.6%，年度內平均流動資金比率為48%。

本行二〇〇五年各項業務與二〇〇四年比較：

存款

二〇〇五年總存款輕微增長2.1%。

截至二〇〇五年底本行已發行的存款證總值港幣4,277,947,000元，較上年增加34.5%，大部份是浮息，只有小部份定息及以美元發行用於零售與個人投資者。

息率回升導致客戶將原本存於往來及儲蓄賬戶的資金轉移作定期存款，令利息支出增加，推高了資金成本。

個人人民幣業務自二〇〇四年二月開辦以來有穩定增長，最近數月人民銀行兩度調升了人民幣匯價，吸引客戶存放人民幣作中期投資。二〇〇五年十一月初人民銀行公佈擴大香港的人民幣業務以方便內地及香港居民往來

The Bank's consolidated total assets lifted by 5.2% from 2004 year-end level. Return on average assets and return on average equity were 1.52% and 11.25% respectively. The Group's capital adequacy ratio at 31 December 2005 was 17.6%, and the average liquidity ratio for the year was 48%.

Comparing the Bank's operating position and results for 2005 with 2004:

Deposits

In 2005, total deposits increased slightly by 2.1%.

As at 31 December 2005, certificates of deposit totalling HK\$4,277,947,000 were issued, up 34.5% as compared with that of 2004 year-end. Among them, a great majority are floating rate certificates of deposit with a small amount of USD fixed rate certificates of deposit issued to individual investors.

The gradual rise in local interest rates prompted depositors to seek higher returns by channelling their funds from current or savings accounts to fixed deposit accounts, pushing up the Bank's interest expenses and in turn costs of funds.

The operation of personal renminbi service registered steady growth since commencement in February 2004. The People's Bank of China has twice announced the upward revaluation of renminbi in the past few months, inducing depositors to take up medium-term investment in renminbi. According to the release by The People's Bank of China in November 2005, the range of renminbi businesses for banks in Hong Kong would be extended to facilitate more cross-border spending. It is hoped that the central government will allow Hong Kong banks to offer renminbi denominated loans, bonds and trade settlement in Hong Kong in

消費，期望於將來容許香港銀行在香港敘做人民幣貸款、債券和貿易結算等業務。本行已於二〇〇五年十一月開始敘做遠期人民幣不交收合約，並準備於今年首季推出人民幣支票賬戶，以方便客戶於廣東省內作有限度付款消費。

今年本行仍會繼續積極爭取存款，以配合信貸業務的發展。

放款

二〇〇五年總放款增加18.3%，較預期理想。

二〇〇五年物業價格普遍回升，本行敘做樓宇按揭業務仍有穩定增長，惟經過近期息率持續調升，物業市道開始放緩，借貸需求相應減弱。隨著就業市場改善，有助刺激消費，希望加息的影響會被抵銷。

企業融資在經濟持續好轉下，較去年有較大幅度增長，主要由於循環貸款使用率增加及客源增加所致；銀團貸款的敘做亦超出預期指標。經濟改善，此方面需求仍會增加。銀行競爭日趨激烈，故對於息差仍存在壓力。

個人信貸及消費信貸仍然是本行致力開拓的目標，期望藉此取得較高回報。

future. The Bank has started providing retail renminbi non-deliverable forward contracts since November 2005 and plans to launch renminbi chequing accounts in the first quarter of 2006, thus allowing customers to settle consumer spending in Guangdong Province by cheques, subject to a daily limit.

During 2006, continuous efforts will be expended to grow the deposit base to support further loan growth.

Advances to customers

In 2005, loans and advances to customers surged at a better-than-expected rate of 18.3%.

The Bank's residential mortgage business saw steady progression thanks to the recovery in property prices in 2005. However, the property market has shown signs of slowing down after several increases in interest rates recently, weakening the demand for residential mortgage loans. It is hoped that the improved employment situation will help boost consumer spending, thus offsetting the negative impact of interest rate rises.

Supported by the economic rebound, corporate lending activities recorded considerable growth. The strong performance was driven by higher revolving loan utilisation and the enlarged customer base. Syndicated loan business also outperformed projection, and greater demand for syndicated loans is expected given the improving economic conditions. It is anticipated that intensified competition will continue to put pressure on the interest rate spread.

The Bank will make every effort to expand personal and consumer loan business for higher returns.

由於利率趨升，資金成本加重，永隆財務有限公司經營的租購及租賃業務今後會轉向多敘做浮息信貸，並重點發展機器分期以分散風險。

財資

二〇〇五年外匯買賣及外幣找換整體收益較去年微跌1.6%。

美元利率至今已經連續十四次調升，匯價復呈強勢，對其他主要貨幣波幅收窄，致交易數量和收益只有輕微增長。外幣找換業務比去年稍為回升。

美元近期有跡象轉弱，預料外匯市場波動將會加劇，交易更趨頻密，為財資業務帶來更多獲利機會。財資部會繼續致力擴大大便顧客買賣外匯的渠道，以期取得更佳成績。

本行參與資本市場活動保持活躍，同時會密切留意市場變化和利率趨勢，敘做一些浮息票據及結構性債券，並繼續因應環境制定適當政策從事此類活動，藉以增加收益。

理財

二〇〇五年理財業務收益與上年比較有輕微上升。年內美元經多次調升利率後轉趨強勢，令投資者對持有利率結構工具抱觀望態度，各類理財產品

In view of rising interest rates and higher funding costs, the Bank's hire-purchase and leasing subsidiary, Wing Lung Finance Limited, will gradually shift to floating rate deals and focus on machinery hire-purchase for risk diversification.

Treasury

Income from foreign exchange and money exchange businesses, on aggregate, was slightly down by 1.6% compared with 2004.

With 14 consecutive increases in the US Federal Funds rates, US dollar stayed firm against other major currencies. The Bank recorded only a mild increase in foreign exchange trading volume and income as foreign exchange market became less volatile. However, money exchange business resumed growth in 2005.

The US dollar has recently shown signs of losing steam. It is expected that extensive market fluctuations will provide a favourable ground for foreign exchange activities and income growth. The Treasury Department will introduce more convenient trading channels for customers, aiming at achieving better returns.

The Bank has been active in capital market activities. Keeping abreast of the market development and interest rate movement, the Bank will increase its investment in floating rate instruments and structured bonds and adopt appropriate strategies targeting profit growth.

Wealth management

Income from wealth management initiatives increased mildly in 2005. US dollar strengthened more significantly following several increases in interest rates. Consequently, investors have taken a

銷量受到不同程度影響。由於競爭激烈，須減低各項收費及提供更多優惠予客戶，以增加銷售額。

息率回升後，投資者對理財產品的需求可能會放緩，本行將加強產品推廣隊伍，並繼續培訓更多職員，以增闢新的客源；並積極發掘合適的投資產品，迎合市場需要，期望此項業務能進一步拓展。

信用卡

二〇〇五年香港經濟全面復蘇，市面消費回復興旺。為加速擴大客戶基礎，本行繼續投放更多資源去爭取新卡，是年度發卡總數較上年增加了26.9%，與合作發行聯營卡機構及與建立收單關係商號亦有所增加。本行會繼續採較進取策略去提升發卡量，期望客戶基礎逐步擴大後，與其他服務產品交互推銷，增加利息及非利息收入。

證券

證券業務收益較上年減少。

為擴大市場佔有率及增闢收入來源，保證金服務已於二〇〇五年下半年拓展至所有分行以自動化渠道運作。

為配合新股認購熱潮，證券部又推出了認購新股優惠計劃，包括豁免網上

more prudent view towards interest-rate structured products, affecting the sale of wealth management products to a certain degree. In face of severe competition, the Bank has lowered service charges and offered various privileges to help boost product sales.

Demand for wealth management products may slow down as interest rates move up. Product sales force and staff training will be strengthened to help grow the customer base. To further expand wealth management operation, the Bank will actively identify more appropriate investment products to cater for market needs.

Credit card

Amid full-swing economic revival and strong local consumption, the Bank recorded a surge of 26.9% in the total number of credit cards issued in 2005. To expedite business expansion, more resources will be deployed to enlarge the card base. Affinity card programmes and merchant acquisition business were both on the rise. Proactive strategies will be employed to bolster credit cards issuance. It is expected that with larger card base the Credit Card Centre will be able to generate greater interest income as well as non-interest income through cross-selling with other banking products.

Securities broking

In 2005, profit from securities broking contracted as compared with the previous year.

Automated margin trading was made available at all branches in the second half of 2005 to enlarge market share and income source.

申請手續費及融資套餐收費等，藉此吸引有潛質客戶。此外，證券部計劃將現有的服務產品化，以滿足不同客戶需要。首個產品名為「密密Trade」證券賬戶已於二〇〇五年十月推出，目的為網羅買賣頻繁之投資者，本年度會陸續推出其他產品，保持市場佔有率。

證券部會進一步加強自動化買賣渠道，以提升服務效率。

保險

永隆保險有限公司二〇〇五年毛保費收入較上年輕微下降，主要是僱員賠償保險及財產損毀保險的保費收入退減所致；汽車保險及第三者責任保險均錄得增長，由於風險管理得宜，索償個案減少，令承保盈餘較去年同期增加2.5%。

保險部代理各類保險，佣金收益增加6.1%，增長主要是多做了意外險及火險。代理人壽保險保費有所退減，原因是銀行存款利率已大幅回升，影響了人壽保險產品的銷售。

分行

本行現時在本地設有分行33間，在內地深圳市設有分行一間（另於二〇〇五年十一月九日增設南山支行）、美國羅省及開曼群島各設有分

The Securities Department introduced special offers for IPO subscription such as handling fee waiver for online subscription and margin financing packages with an aim to draw in potential customers. Specially designed products will be launched to meet the needs of particular market segments. “Multi Trade” securities account, introduced in October 2005, was designed for investors who trade frequently. Other products will be rolled out in the year as a measure to maintain the market share.

The department will further facilitate trading automation to enhance service efficiency.

Insurance

Wing Lung Insurance Company Limited recorded a slight reduction in gross premium in 2005, mainly attributable to a decline in employee’s compensation class and property insurance, while motor and third party liability insurance businesses grew appreciably. Through sound risk management and fewer cases of claims, underwriting profit grew 2.5% compared with the previous year.

The Insurance Department registered a rise of 6.1% in commission income from all insurance classes, and the major growth contributors were accident insurance and fire insurance products. Premium from life insurance products contracted owing to an upsurge of deposit interest rates that affected the sale of life insurance products.

Branch

Our network of 33 local branches, Shenzhen Branch in China (a sub-branch in Nanshan, Shenzhen was opened on 9 November 2005), Los Angeles Branch in the US and Cayman Islands Branch all achieved steady growth in both business and returns.



羅省分行新址—其建築設計獲亞罕布拉市政府頒授嘉許狀，表揚其促進環境、市容有重大貢獻。
New building for Los Angeles Branch - presented with a Certificate of Recognition by the City of Alhambra in appreciation of its outstanding design which enhances street beautification.

二〇〇六年三月三日董事長伍步高博士暨多位高層人員與亞罕布拉市市長Dr Steven PLACIDO一同主持新址剪綵儀式。
Dr Steven PLACIDO, Mayor of Alhambra, joined Dr Michael Po-ko WU, Chairman of the Bank, and the senior management to officiate at the opening ceremony on 3 March 2006.

行一間，均運作如常，業務和盈利表現平穩。

The Bank will apply to upgrade its representative offices in Shanghai and Guangzhou to full branches when the time is ripe.

本行會在合適時候申請將上海及廣州的代表處升格為分行。

The construction work of the new building for Los Angeles Branch in the City of Alhambra has been completed. The new branch will serve customers in more spacious and comfortable premises upon its grand opening in early March 2006.

羅省分行在亞罕布拉市籌建之新行址經已落成，定於本年三月初舉行開幕禮。新行址啟用後，將會對客戶與該分行交往提供寬敞與舒適環境。



深圳南山支行開業典禮。
Opening ceremony of Shenzhen Nanshan sub-branch.

資訊科技

本行於二〇〇五年度內繼續提升資訊科技能力，包括系統發展、風險管理、基礎設施及工作程序，以支援業務增長，加強對風險之管理及提高營運效率。另一方面，本行將部份系統開發工作轉移到深圳進行，運作暢順。

人力資源

在二〇〇五年十二月底，本行僱員總人數為1,355人(二〇〇四年為1,275人)，其中香港佔1,319人，國內佔26人，海外佔10人。

於決定職員薪酬方案時，本行已適當地考慮營運地區之薪酬水平、結構及市場情況。薪酬乃按個人與業務之表現、市場慣例、內部比較及市場競爭情況等因素每年檢討一次。此外，本行會在適當之情況下，向職員發放與業績掛鉤之非固定花紅為獎勵。

人力資源部經常開設或安排一些與業務及新產品有關的課程、資訊科技應用課程，提供職員全面的技能培訓與發展的管理課程，提高銷售技巧的專題講座等，以充實職員的知識和技能，並鼓勵及資助職員考取一些特定資格考試，協助他們作持續進修及登記專業資格；亦有不時與海內外同業互派人員作業務訪問和技術交流，以配合發展。

Investment in information technology

Continuous efforts were placed on enhancing information technology on system development, risk management, infrastructure and operation procedures for sustainable business growth, sound risk management and improvement in efficiency. Part of the Bank's system development tasks has been shifted to a centre in Shenzhen, and the results have been satisfactory.

Human resources

At the end of December 2005, the total workforce of the Bank amounted to 1,355 (2004: 1,275), including 1,319 locally, 26 in China and 10 overseas.

Remuneration packages take into account levels and composition of pay and the market in which the Bank operates. Salaries are reviewed annually in the context of individual and business performance, market practice, internal ratings and competitive market conditions. Under appropriate circumstances, performance-related discretionary bonus is provided as an incentive for staff.

To continuously upgrade staff skills and knowledge, the Human Resource Department has been regularly organising courses or seminars related to bank operations, product knowledge, information technology, sales techniques and other specialised topics. The department also encourages and sponsors staff in continued training programmes, certified examinations and obtaining professional qualifications. The department arranges business visits and exchange programmes with other financial institutions at regular intervals so that the staff are better equipped to cope with increasing business needs.