

董事長致詞

CHAIRMAN'S STATEMENT

二〇〇五年香港經濟承接著上一年復蘇勢頭重拾上升軌跡，本行業績亦有所進展。二〇〇五年除稅後盈利為港幣1,108,815,000元，較二〇〇四年之港幣1,032,146,000元增長7.4%，即每股盈利港幣4.78元。董事會建議派發末期股息每股港幣2.13元，連同去年九月已派發之中期股息每股港幣0.57元，二〇〇五年全年每股派息港幣2.70元，較二〇〇四年增加9.8%。

二〇〇五年度本行的平均資產回報率及平均股東資金回報率分別為1.52%及11.25%；資本充足比率及平均流動資金比率分別為17.6%及48%。

於二〇〇五年十二月三十一日與去年同期比較，總存款港幣54,306,040,000元，增長2.1%；總放款港幣36,855,547,000元，增長18.3%；綜合資產總額港幣74,721,738,000元，上升5.2%。

二〇〇五年香港經濟雖表現強勁，惟借貸增長未見配合，銀行競爭依然劇烈。尚幸本行於爭取放款方面成績較為理想，而息差亦稍為擴闊，令淨利息收入有所回升。

各項非利息收入業務表現參差，香港利率在過去一段長時期處偏低水平後回復正常，客戶選擇投資途徑增加，因而影響了理財產品的銷售；證券業務也呈現退減，財資業務尚可維持平穩，而保險業務的收益則稍有增

Hong Kong's economy picked up and continued its steady growth track in 2005. The Bank also achieved improved results with consolidated net profit, after making provision for taxation, up 7.4% from HK\$1,032,146,000 in 2004 to HK\$1,108,815,000 in 2005. Earnings per share was HK\$4.78. The Board proposes the payment of a final dividend of HK\$2.13 per share which, together with the interim dividend of HK\$0.57 per share already paid in September 2005, make a total dividend for the year 2005 of HK\$2.70 per share, representing an increase of 9.8% over 2004.

Return on average assets and return on average equity were 1.52% and 11.25% respectively. The capital adequacy ratio and the average liquidity ratio for the year were 17.6% and 48% respectively.

As at 31 December 2005, total deposits grew by 2.1% to HK\$54,306,040,000, while total advances to customers expanded by 18.3% to HK\$36,855,547,000. Consolidated total assets amounted to HK\$74,721,738,000, representing a 5.2% increase over 2004.

In 2005, loan demand in Hong Kong did not increase in tandem with the strong growth of the local economy, and competition in the banking sector remained intense. Thanks to the encouraging performance of our loan businesses and slightly widened interest rate spreads, the Bank's net interest income was on the rise.

The Bank's performance in non-interest income businesses was mixed. The sale of wealth management products was somewhat affected as a wider choice of investment alternatives emerged as interest rate trended upward. Our securities brokerage business also saw contraction, whereas treasury business progressed steadily, and income from insurance operations registered some growth. The pace of profit growth slowed down due to increasing operating costs.

加。由於營業支出增大，遂致盈利增長放緩。

踏入二〇〇六年港人對經濟前景信心明顯回復，內部消費上升，市面興旺一片，就業情況也逐漸改善，今年市道儘可審慎樂觀。本行今年業務策略仍是重點擴大各項非利息收入業務的經營，包括財富管理、信用卡、證券、保險等；也同時致力擴大具較高回報之個人信貸、消費信貸業務，以期各方面都取得較均衡發展，為盈利作出貢獻。去年中已將總行大堂營業櫃檯間格設計作全面革新，以配合各類服務產品的交互銷售。

最近兩年本行投放於資訊科技基礎建設的資源與人手顯著增加，此因現時有相當大部份傳統服務已轉由自動化系統操作處理，並配合了各業務部門研發新產品的需求。除此之外，亦為遵從巴塞爾新協定的要求以加強對利率風險、流動資金風險及信貸風險的監控與管理。

去年十一月九日本行在深圳市南山區增設了一間支行，以輔助深圳分行拓展區內業務。

美國羅省分行在亞罕布拉市興建之新行址經已落成，定於本年三月初開幕，期望新行址啟用後能為客戶帶來一個更理想舒適的洽商業務環境。

Entering 2006, people of Hong Kong have apparently regained their confidence towards the economic development, and domestic consumption and employment situations are improving. While cautiously optimistic about the local economy, the Bank will continue to expand its non-interest income businesses focusing on wealth management, credit card, securities and insurance operations, and to rigorously promote personal and consumer loan business for higher returns and a more balanced growth. The bank hall of our Head Office was renovated last mid-year to facilitate more product cross-selling activities.

In the past two years, extra resources and manpower were placed on information technology infrastructure enhancement following the automation of a great number of conventional services in recent years and on product development. We have also strengthened our risk management framework, in particular, interest rate risk, liquidity risk and credit risk in compliance with the requirements of the New Capital Accord (Basel II).

To complement the business expansion of our Shenzhen Branch, a sub-branch in Nanshan, Shenzhen was opened on 9 November 2005.

The construction work of the new building for our Los Angeles Branch in the City of Alhambra has been completed. We will start servicing our customers in more spacious and comfortable premises upon relocation of the branch in early March.

On 13 January 2006 Moody's Investors Service upgraded the Bank's financial strength rating from C to C+; long-term and short-term foreign currency deposit ratings from Baa1/P-2 to A2/P-1, and assigned to the Bank long-term and short-term local currency deposit ratings of A2/P-1, in recognition of the Bank's prudent operating strategy and philosophy.

穆迪投資服務機構於二〇〇六年一月十三日將本行的評級提升為：銀行財務實力由C調高至C+，長期及短期外幣存款由Baa1/P-2調高至A2/P-1，另給與長期及短期港幣存款評級A2/P-1，顯示本行一向恪守穩健進展的經營策略與作風，得到該評級機構的肯定。

受惠於周邊地區的經濟增長，預料香港經濟今年仍會持續上升，惟在息口增加和油價高企等不利因素影響下，增長步伐將會放緩。同業競爭依然激烈，貸款需求難有大幅增長，展望今年仍會是充滿挑戰的一年。

不久前美國傳統基金會發表報告，香港連續十二年被評為全球最自由經濟體系，證明當前香港經濟發展勢態仍屬良好。我們必須認識清楚香港原有的優勢，包括：完善的金融市場與法治制度，高度國際化等而予以珍惜和強化，加強與國內合作，以求優勢互補，共創繁榮。

創辦人伍宜孫博士於二〇〇五年五月十一日辭世，他自本行成立之始一直領導同人凡四十三年，為本行各個發展歷程制訂方策，奠下良模，至一九七六年倦勤，仍不斷以其睿智卓識、豐富經驗提示後輩。其離去誠然是本行一重大損失，謹在此向創辦人致深切悼念。

The economic environment in Hong Kong should remain favourable in 2006, benefiting from the economic progress in the peripheral regions. However, the pace of economic growth will be impeded by unfavourable factors like further interest rate hikes and soaring oil prices. In view of limited loan growth and acute competition, 2006 continues to be a challenging year for the banking sector.

Hong Kong has been rated by the Heritage Foundation of the US as the world's freest economy for the past twelve consecutive years, an indication of a promising economic outlook. We must treasure and strengthen our existing advantages including a sophisticated financial market, a sound legal system and an international metropolis. With Hong Kong's further integration with the Mainland China, the two economies will be well placed to capitalise on the strengths of each other for continued prosperity.

I report with deepest regret the passing away of Dr Yee-sun WU, our Founder, on 11 May 2005. Leading the Bank for continued growth for 43 years since its establishment, Dr Yee-sun WU had formulated strategies of foresight at different stages of development and laid a solid foundation for the Bank's future growth. The younger generations of the Bank were privileged to have his guidance and share his extensive knowledge and experience even after his retirement in 1976. His death is a great loss to the Bank.

Your director Dr Philip Po-him WU was awarded Bronze Bauhinia Star by the Hong Kong Special Administrative Region in July 2005 in recognition of his meritorious public and community service as well as his outstanding contribution to the development of education. On behalf of the management and staff, I wish to extend my heartiest congratulations to Dr Philip Po-him WU.

董事伍步謙博士於二〇〇五年七月獲香港特別行政區政府授予銅紫荊勳章，以表揚他歷年參與各項社會公職及推動教育事務的卓越貢獻。謹代表同人向伍博士敬致賀忱。

助理總經理伍步崇先生服務本行四十一年，於二〇〇六年初榮休。伍先生在任期間貢獻良多，謹致謝意，並祝他倦勤之後，身心康泰，歲月優游。

本人並擬藉此機會向所有客戶、股東、各界友好、同業先進在過去一年給予本行的支持，尤其是名譽董事長伍絜宜博士的時加匡導，敬致謝忱！對本行管理層暨各級人員的努力工作，忠誠服務，亦謹代表董事會向他們表示衷心感謝！

董事長
伍步高

二〇〇六年二月二十二日



伍步謙博士接受香港特別行政區行政長官頒予銅紫荊勳章。
Dr Philip Po-him WU was presented Bronze Bauhinia Star by the Chief Executive of the Hong Kong Special Administrative Region.

Mr Pius Po-shung WU, Assistant General Manager, retired at the beginning of 2006 after 41 years of service with the Bank. On behalf of the Board, I wish to express our heartfelt thanks to Mr Pius Po-shung WU for his assistance and invaluable contribution to the Bank during the period of his service, and wish him the best of health and happiness in his retirement.

On behalf of the Board, I would like to take this opportunity to express our gratitude to all our customers, shareholders, friends and fellow bankers

for their continued support and guidance, to Dr Jieh-yee WU, our Emeritus Chairman, for his wise counsel and to the management and entire staff for their ongoing dedicated service.

Michael Po-ko WU
Chairman

22 February 2006