

財務及業務回顧

FINANCIAL RESULTS AND OPERATION REVIEW

二〇〇四年香港經濟在外圍經濟基本向好及國家政策支持下經已穩步復蘇，營商和投資環境均有所改善，從而令就業和消費回復增長。困擾多年的通縮亦告完結，物業市道回復暢旺，市民負資產數目逐步下降。

本行截至二〇〇四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1,031,685,000元，相等於每股盈利港幣4.44元，較二〇〇三年增加20.1%。溢利增長主要由於非利息收入的增加及呆壞賬準備的減少及回撥。

貸存比率為54.4%，較二〇〇三年底之52.9%為高，惟因同業競爭依然劇烈，息差持續收窄，淨利息收入減少4.3%。

保險業務淨收益維持在去年水平。其他營業收入則上升14.7%，主要是來自理財、證券、財資業務的收益增加。

營業支出上升2.1%，主要是用於業務推廣宣傳之費用增加較多所致。成本對收入比率為27.5%，增加0.6%。

本行資產質素保持良好，年內不履行貸款為港幣258,067,000元，佔總放款0.83%，回撥呆壞賬準備港幣113,890,000元。

本行綜合資產與二〇〇三年底比較上升4.8%，平均資產回報率為1.49%，平均股東資金回報率為11.36%，集團於

During 2004, positive external economic factors and supportive Central Government's policies towards Hong Kong facilitated the steady recovery of our economy. Employment and domestic consumption resumed growth as the business and investment environment continued to improve. As the long deflationary period lasting several years is drawing to a close, the property market is showing vibrancy and cases of negative equity have consistently declined.

The consolidated net profit for the year ended 31 December 2004, after making provision for taxation, amounted to HK\$1,031,685,000. Earnings per share was HK\$4.44, representing an increase of 20.1% as compared with that of 2003. The increase in net profit was mainly the result of non-interest income growth, reduced charges for bad and doubtful debts and release of provisions.

The Bank recorded a loan-to-deposit ratio of 54.4%, higher than that of 52.9% in 2003. However, the Bank's net interest income fell by 4.3% due to narrowing interest spread amid severe price competition.

Net profit from insurance operations was maintained at the 2003 level. Other operating income surged by 14.7%, mainly attributable to the increase in income from wealth management initiatives, securities broking and treasury operations.

Operating expenses went up by 2.1% owing to the increase in advertisement and business promotion expenses. The cost-to-income ratio was 27.5%, representing an increase of 0.6%.

二〇〇四年十二月三十一日之資本充足比率為20.5%，年度內平均流動資金比率為53.4%。

本行二〇〇四年各項業務與二〇〇三年比較：

存款

二〇〇四年總存款增長3.5%。

截至二〇〇四年底本行已發行的存款證總值港幣3,179,540,000元，較上年增加19.2%，大部份是浮息，小部份定息及以美元發行用於零售與個人投資者。

個人人民幣業務自去年二月開辦以來，運作順暢，增長穩定。隨著國內經濟體系日趨龐大，將來人民幣存款業務會扮演重要角色。

現時美元已進入加息周期，港元利率因資金充裕而暫未跟隨調升，惟始終不可能逆勢背馳太久。本行會繼續積極爭取存款，以配合其他業務發展。



The Bank's asset quality remained at a satisfactory level. Non-performing loans amounted to HK\$258,067,000, representing 0.83% of gross advances. Provisions for bad and doubtful debts of HK\$113,890,000 were written back in 2004.

The Bank reported an increase in consolidated total assets by 4.8% from the previous year-end level. Return on average assets was 1.49%; return on average equity was 11.36%; and the Group's capital adequacy ratio at 31 December 2004 stood at 20.5%. The average liquidity ratio for the year was 53.4%.

Comparing the Bank's operating position and results for 2004 with 2003:

Deposits

Total deposits increased by 3.5% in 2004.

As at 31 December 2004, certificates of deposit totaling HK\$3,179,540,000 were issued, up 19.2% as compared with that of 2003 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 renminbi services, which commenced in February 2004, have been running smoothly with steady growth. It will become a core business as the national economy continues to expand.

放款

二〇〇四年總放款增加6.4%。

去年物業市道明顯復蘇，樓宇按揭業務漸次回復穩定。

去年參與對企業之銀團貸款也相當活躍，惟市場競爭仍然劇烈，利潤持續攤薄，有須開闢更多收益源頭始克維持增長。

其他企業貸款去年的增長算是理想，企業銀行部將會更積極發展新業務。今後將致力開拓對中小企的商貿融資，期望能從這方面補充多一些新客源。

永隆財務有限公司的租購及租賃業務維持於去年水平，主要是多做了機器和船舶分期，未來一年仍會朝此方向擴大經營，並力求將貸款質素維持於高水平。

財資

二〇〇四年外匯買賣收益增長25.5%，外幣找換收益減少8.4%，整體收益較去年增長10.2%。

美元自去年初已呈弱勢直至年底，匯價下調，對其他貨幣出現很大波幅，致外匯交易數量和收益均有所增加。

本行因參與經營個人人民幣存款業務後，買賣人民幣對象受到規限，致局限了找換業務的發展。預期外匯市場波動仍會

The interest rate-hike cycle has already started in the US, but banks in Hong Kong, awash in excessive liquidity, did not follow the US dollar interest rate rise. Nevertheless, the Bank is of the view that Hong Kong dollar interest rates will follow those of the US. The Bank will grow its deposit base to cope with the changes in overall business development.

Advances to customers

Loans and advances to customers went up by 6.4% in 2004.

The Bank's residential mortgage business progressed steadily in the booming property market.

The Bank maintained an active presence in the syndicated loan market in 2004. In the face of continuing bidding competition and narrowing profit margin, the Bank has to open up new sources of revenue for sustainable growth.

Other corporate lending activities achieved satisfactory growth in 2004. The Corporate Banking Department will actively develop new business opportunities, expand its commercial financing to small and medium-sized enterprises, and to enlarge its customer pool.

Wing Lung Finance Limited maintained its hire-purchase and leasing operation at last year's level, mainly attributable to the shift to machinery and vessel financing. The company will follow this direction in 2005 for business expansion and yet maintain a high quality loan portfolio.

Treasury

Income from foreign exchange operations increased by

持續，外匯交易更趨頻密。財資部已增闢更多電子交易渠道，延長服務時間，並將引進更多外匯期權產品買賣模式，推行連線孖展買賣，盡量向客戶提供方便。

理財

理財業務二〇〇四年業績持續增長，收益達到預期目標，由於熱錢流入，港元利息仍處於低水平，加上香港經濟從低位回升，令具有較高回報的理財產品銷情理想。

理財業務經過年來發展已漸獲投資者熟悉和接受，今後仍有很大發展餘地，本行會繼續投放更多資源，大力推廣，蒐羅及設計更多合適理財產品供客戶選擇，擴闊銷售網絡至每一分行，冀望二〇〇五年業績表現更佳。

信用卡

二〇〇四年香港經濟明顯好轉，通縮消退，信用卡行業的經營亦復現曙光，本行信用卡業務截至年底發卡總數與盈利均已回復增長；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。全年撇賬率為3.32%，較二〇〇三年度之10.06%大為改善。

本行榮獲萬事達國際二〇〇四年信用卡數目最高增長率冠軍。

The Bank was named the winner of the Highest Growth Rate in 2004 – Number of Open Cards by MasterCard International.



25.5%; whereas money exchange business dropped by 8.4% from last year's level. On aggregate, the Bank enjoyed a 10.2% improvement in gain on foreign exchange trading compared with 2003.

The US dollar has declined since the start of 2004 and the foreign exchange market fluctuated widely, boosting trading volume and income.

The Bank's foreign exchange business development was limited by attendant restrictions on renminbi exchange following the participation in personal renminbi services. Extensive market fluctuations are anticipated to bring about greater volume of foreign exchange transactions. The Treasury Department has provided different electronic trading channels and extended the trading hours. For customers' convenience, a wider variety of foreign exchange option products and online margin trading will be introduced.

Wealth management

Wealth management operations registered continuous progression with income growth in line with projection. Owing to the influx of hot money, domestic interest rate stayed at a low level, this coupled with the rebound of Hong Kong's economy, was conducive to increased sale of higher-yielding wealth management products.

Wealth management products are increasingly accepted by investors. Recognising large expansion potentials, the Bank will deploy more resources, offer a wider array of quality wealth management products to customers and expand the sales channel to every branch office.



信用卡中心推出各類型聯營卡，以迎合不同年紀客戶需求。
The Credit Card Centre launches various affinity card programmes to serve the needs of different age groups.

經濟改善令消費市場一片旺盛，顯示市民對前景的信心漸次恢復。信用卡中心會於今年積極進行各項宣傳活動，推出低利率產品，例如「即享錢」(credit to cash)，購物分期及其他簽賬優惠，以增加放出賬款。又信用卡中心將推出一種可循環運用之提款卡以迎合市場上部份客戶的需求。

證券

二〇〇四年本行證券業務總成交量上升逾三成，總收益亦有相若增長。

為增加市場佔有率及吸引更多客戶惠顧，證券部將於年內加強宣傳，推出孖展買賣優惠，以提升競爭能力。

新引入的證券電腦系統已於去年八月底順利啟用，本行各分行可透過終端機監察孖展額度，令風險管理機制大為改善，

An encouraging earnings growth is expected for 2005.

Credit cards

The economic rebound and an improved deflation situation during the year helped put credit card operations back on a growth track. Credit cards issuance and profits resumed growth in 2004. The Bank saw an increase in affinity card programmes and merchant acquisition business. Annualised charge-off ratio for 2004 was 3.32%, a great improvement over 2003's 10.06%.

Improving consumer sentiment in the recovering economy reflected restoration of confidence among people towards the future. In 2005, the Credit Card Centre will launch promotion campaigns and introduce some low-interest rate products like credit to cash programmes, hire-purchase and other spending incentives to bolster credit card lending. The Credit Card Centre will launch cash revolving cards to meet the needs of particular market segments.

Securities broking

In 2004, the Bank's securities transaction volume increased by over 30% with a commensurate growth in the total income.

To enlarge market share and to extend the customer pool, the Securities Department will launch margin trading privileges and intensify promotion campaigns in 2005 to increase its competitiveness.

處理保證金證券買賣會更快捷準確。證券部會繼續充分利用新電腦系統的功能去改進自動化買賣渠道，提高服務效能，開發和推廣新業務。



保險

永隆保險有限公司二〇〇四年毛保費及承保盈餘均有輕微下降，主要原因是對汽車及僱員賠償保險的承保減少，承保其他類別保險則有所增加。

保險部代理各類保險佣金收益與去年相若，代售香港人壽產品佣金收益則有較大增長，相信人壽產品尚有很大發展空間，會繼續善用分行網絡和人力資源以加強推廣。

永隆保險有限公司聯同以中國人保控股



本行積極參與人壽保險推廣活動。
The Bank actively participates in life insurance promotion campaigns.

The new securities computer system which commenced operations in August 2004, enables customers' margin securities account to be monitored on a real time basis through terminals at all branches, effectively strengthening our risk management mechanism and facilitating accurate and speedy margin securities dealing. The Securities Department will continue to leverage on the new computer system in trading channel automation, service efficiency enhancement and new business development.

Insurance

Wing Lung Insurance Company Limited recorded a slight reduction in gross premium and underwriting profit in 2004, mainly attributable to a decline in motor insurance and employee's compensation classes, while other classes of insurance business grew appreciably.

The Insurance Department recorded a similar level of commission income from all insurance classes as last year. Commission income generated from the sale of Hong Kong Life Insurance products surged by a larger degree. Recognising ample growth potentials for sale of life insurance products, the Bank will continue to deploy its branch network and manpower resources for further achievement.

Wing Lung Insurance Company Limited joined a few insurers led by People's Insurance Holdings Ltd to form China Insurance Brokers Co Ltd. This company, targeting the mainland market, came into operation on 18 December 2004. The Bank believes that this cooperation with mainland insurers will help foster the Company's insurance business development in the long term.

有限公司為首的幾間公司合作組成了中人保險經紀有限公司，經於二〇〇四年十二月十八日開業，主力開發國內市場。藉此與內地保險公司建立夥伴關係，相信會有助永隆保險有限公司日後之發展。

分行

本行現時在本地開設之分行數目維持33間，在內地深圳市、美國羅省及開曼群島各設有分行一間，均運作如常，業務盈利表現平穩。

為進一步開拓國內市場，本行正繼續在深圳區物色合適地點增設支行。另一方面，亦會研究將現有代表處升格為分行。

羅省分行在亞罕布拉市籌建新行址已於去年十二月六日舉行了動土禮，建築工程順利展開，預計需時約一年完成。

Branch

Our network of 33 local branches, Shenzhen Branch in China, Los Angeles Branch in the US and Cayman Islands Branch all achieved steady growth in both business and returns.

To further cultivate the mainland market, the Bank will select suitable locations to establish sub-branches in Shenzhen and consider upgrading its existing representative offices to full branches.

The ground-breaking ceremony of the new building for our Los Angeles Branch in the City of Alhambra was held on 6 December 2004. The construction work of the new building has commenced and will take about a year to complete.

Investment in information technology

The development of the new teller platform acquired from



伍步謙常務董事、吳理存助理總經理、羅省分行葉寶生副總裁等為羅省分行興建新行址舉行動土禮。
The ground-breaking ceremony of the new building for the Bank's Los Angeles Branch was officiated by Dr Philip Po-him WU, Executive Director, Mr Howard Li-chien WU, Assistant General Manager, Mr Po-sang YIP, Vice President of Los Angeles Branch and other distinguished guests.

資訊科技

本行向 IBM 購置的新櫃員平台系統發展工程經已全部完成。資訊科技部會繼續致力提升電腦系統的應用能量，以配合銀行開發市場新產品，並協助實施風險管理。

人力資源

在二〇〇四年十二月底，本行僱員人數為 1,275 人，其中香港佔 1,249 人，國內佔 16 人，海外佔 10 人。

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。

IBM has been completed. Continuous efforts will be placed on the application of computer systems in product development and risk management.

Human resources

At the end of December 2004, the total workforce of the Bank amounted to 1,275, including 1,249 locally, 16 in the Mainland and 10 overseas.

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.