

全球經濟持續放緩，香港的結構調整依然進行，二〇〇二年銀行業仍是困難和充滿挑戰的一年。本行截至二〇〇二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七億五千七百六十三萬二千元，每股盈利為港幣三元二角六仙，較二〇〇一年減少11.2%。溢利退減主要因為同業間競爭劇烈，息差持續收窄，除影響放款收入外，銀行資本收益也因而下降，幸而利息支出方面在嚴謹控制下亦同步下降，淨利息收入減少4.8%。

其他營業收入較上年度微升0.8%，因股市交投萎縮令證券經紀業務收益減少，保險業務、外匯買賣及理財中心服務的收益則有所增加，惟因爭取樓宇按揭而回贈客戶的優惠增加，抵銷了相當部份收益。

營業支出較上年度微升1.5%，主要因為引進的高智能櫃員平台系統、及為提升證券、理財服務產品處理功能系統的折舊較多。

本行資產質素有所改善，年內不履行貸款港幣六億八千九百萬元，佔總放款的2.29%，較二〇〇一年情況有所減少。是年度提撥呆壞賬準備為港幣一億四千一百六十七萬七千元。

本行綜合資產與二〇〇一年底比較下降4.4%，平均資產回報率為1.2%，平均股東資金回報率為9.8%，本集團於二〇〇二年十二月三十一日之資本充足比率為21.1%，本年度平均流動資金比率為48.3%。

2002 was a difficult and challenging year for the Hong Kong banking sector, as it sustained the impacts of the global economic downturn and continued domestic restructuring. The consolidated net profit for the year ended 31 December 2002, after making provision for taxation, amounted to HK\$757,632,000. Earnings per share was HK\$3.26, representing a decline of 11.2% as compared with that for the year 2001. This occurred with narrowing interest rate spread resulting from severe pricing competition. On top of that, the low interest environment also affected returns on free funds. Through effective stringent interest cost control measures, our interest expense recorded a simultaneous decline. Overall, the Bank's net interest income decreased by 4.8%.

Other operating income increased marginally by 0.8% as compared with 2001, mainly attributable to the increase in insurance and agency income, net gain from foreign exchange trading and commission income on wealth management products; however, the increase was partially offset by a decline in commission income from securities broking business due to the thin transaction volume and the rise in cash rebate and other incentives given to residential mortgage borrowers.

Operating expenses increased slightly by 1.5% as compared with the same period in 2001, primarily due to the increase in depreciation expenses on the new teller platform system and the systems installed to upgrade securities and treasury service delivery capabilities.

During the year, the Bank's asset quality improved. Non-performing loans of HK\$689,000,000 was lower than that of 2001, representing 2.29% of gross advances. Charge for bad and doubtful debts amounted to HK\$141,677,000.

The Bank reported a decrease in consolidated total assets by 4.4% from the previous year-end level. Return on average assets was 1.2%, return on average equity was 9.8% and capital adequacy ratio at 31 December 2002 stood at 21.1%. The average liquidity ratio for the year was 48.3%.

存款

二〇〇二年本行總存款微減1.9%，與上年比較變動不大。由於利率持續偏低，部份客戶將資金轉投於有較高收益的理財產品。

截至二〇〇二年底本行已發行的存款證總值港幣二十億零五千五百萬元，較上年增加85.1%，是因應資金需求程度而作出調節。上述存款證當中

包括於去年八月間首次發行少量供客戶認購定息零售存款證，獲頗佳反應，會於適當時候再度發行，為汲收長期資金多關一個源頭。

放款

二〇〇二年總放款與上年比較增加3.7%。

過去一年地產市道仍緩緩下調，本行按揭業務較去年有所增長。貸款息率在尖銳競爭下已減至極低水平，再無下調空間。寄望政府推出穩定樓市政策逐漸見到成效，令按揭業務市場得以改善。

目前經濟前景殊不明朗，破產個案上升持續，私人信貸業務的發展暫時難以樂觀。



Deposits

The Bank's deposit base stayed roughly at the same level as at 2001 year-end with a slight decrease of 1.9%. In this low interest rate environment, some of the depositors channelled their funds to other higher yielding wealth management products.

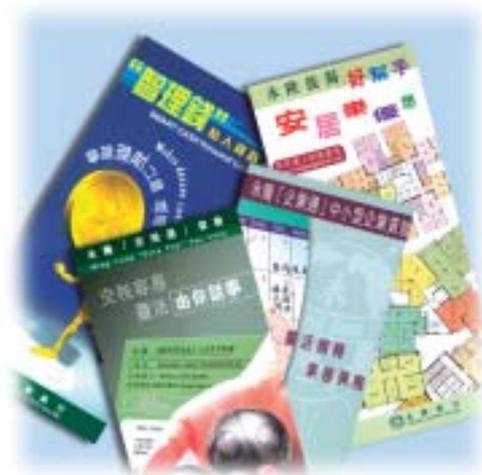
As at 31 December 2002, certificates of deposit, including a small amount of fixed rate retail certificates of deposit, amounting to HK\$2,055,000,000 were issued, representing an increase of 85.1% from that at

31 December 2001, in alignment with the Bank's funding requirements. The trial launch of the fixed rate retail certificates of deposit in August 2002 had received good customer support. To open up new source of long-term funding, further issues will be launched if warranted.

Advances to customers

Total loans and advances to customers registered an increase of 3.7% over last year's level.

Despite adverse property market conditions, the Bank was able to record some growth in residential mortgage business in 2002. Continued pricing competition in the residential mortgage market has forced the residential mortgage interest rate to drop to an unreasonably low level, and further reduction of interest rate to



銀團貸款的敘做尚屬理想，過去一年本行參與此市場融資活動甚為活躍。今後會多些爭取擔當安排行的角色，更積極擴大此類業務的發展。

企業融資表現良好，透過全資附屬之永隆財務有限公司經營的租購貸款業務亦有所增長，主要是機器及船舶融資，汽車分期則續呈萎縮，所潛藏風險亦高。今年重點發展仍會是向廠家推銷機器及生產設備分期及船舶分期。

當形勢仍不宜於擴張，緊守穩健方針以求從利潤和風險之間取得平衡，保持資產質素良好實至為重要。

押匯

在外圍經濟持續放緩，本港整體出口雖有增長，但港產品出口則呈現萎縮，內部需求疲弱。二〇〇二年本行押匯業務與二〇〇一年比較，營業數字和收益均告下降。押匯部會繼續積極參與政府倡議的支援「中小型企業發展計劃」，及參與新設立有政府擔保的「應收賬融資信貸保證計劃」，努力爭取貿易融資機會。

財資

與二〇〇一年比較，外匯買賣收益因交投量萎縮而稍減，外幣找換收益則因本地旅遊業轉趨興旺而有理想增幅。

在經濟仍屬低迷，外匯交投淡靜境況下，財資部於去年向客戶推出了外匯期權買賣，及多參與了利息衍生產品的敘做，期望藉此增進收益。惟與此同時，本行會更關注及加強對風險的管理，務求在爭取更多收益的同時能兼顧本身風險的承擔。

capture new businesses is not desirable. It is hoped that the property market rescue measures introduced by the Government will help bring forth market stability and healthy growth of the home loan market.

Personal bankruptcies hit a record high against trying economic conditions, deteriorating the prospects for consumer loan business.

The Bank maintained an active presence in the syndicated loan market and achieved satisfactory growth in 2002. In the coming years, the Bank will take on an active role as facility arranger in order to further expand its syndicated loan financing business.

Corporate financing activities recorded good growth. The progress of the Bank's hire-purchase and leasing subsidiary, Wing Lung Finance Limited, has been satisfactory, with machinery and vessel financing as the major income contributor. The subsidiary's portfolio has shifted from vehicle financing as this line of business has become less rewarding and more risky. Machinery, production equipment and vessel financing remain the subsidiary's main business focus in 2003.

Since expanding vigorously in time of adversities might not be an appropriate move, the Bank will continue to take on prudent credit policy to balance risks and returns, and keeping its portfolio asset quality at a comfortable level is the prime objective for the current year.

Bills

Despite an increase in Hong Kong's total exports, domestic exports shrank against deteriorating external economic environment and contracting domestic consumption. The Bank recorded a decline in both bills business turnover and income at 31 December 2002. The Bank will increase its participation in the "Small and Medium Enterprises Development Support Plan" and the "Accounts Receivable Loan Guarantee Scheme" in order to open up new business opportunities.

Treasury

Income from foreign exchange operation shrank due to thinner transaction volume. Money exchange operation grew appreciably given the revival of the local tourism industry in 2002.

本行對資本市場活動一向參與活躍並獲致一定成果，當會繼續密切留意市場變化和利率走勢，制訂適當政策，以求更活躍參與此方面活動，提高收益。

理財

理財中心二〇〇二年業績較預期為佳，各項費用收入續有增長。

由於利率仍然低企，客戶對債券及其他投資產品需求殷切，日漸重視理財服務的情況仍會維持，未來數年本行會以此為重點發展業務。目前除總行外，已另在旺角分行、尖沙咀分行、新蒲崗分行及跑馬地分行設有分部，推廣區內服務，並再

Treasury Department has launched forex option trading for its customers and focused on growing its interest derivative instruments operation in an effort to generate additional income avenues despite weak economic conditions and thin transaction volume. One of the key objectives of the Bank's treasury strategy is to upgrade its risk management capabilities to not only enhance returns but also to control risks.

The Bank has been active in capital market activities, and the result is encouraging. The Bank will keep a keen eye on market development and interest rate direction to formulate appropriate strategies to optimize revenues.

Wealth management

The performance of Wealth Management Centre is encouraging with substantial increase in fee income.

In a low interest rate environment, demand for bonds and other investment products is strong. Wealth management will continue to be one of the Bank's major business thrusts as it is expected to remain one of the bright spots for some time. In addition to the Head Office, the Bank has set up additional centers in Mongkok Branch, Tsim Sha Tsui Branch, San Po Kong Branch and Happy Valley Branch to better serve its customers in the vicinity. The Bank will build up a larger sales force and allocate additional resources and training so that the customer service representatives are well qualified to provide wealth management services to customers.

積極集結和培訓人才，加強推銷隊伍，提高專業水平和服務質素。

現時理財中心所代理或自行設計的投資產品種類已相當多，各具不同程度風險可供選擇。最近更將投資金額降低，令一般客戶亦可參與具較高回報的投資。

The Bank distributes a wide selection of investment products either from itself or from other institutions, bearing different risk levels to meet various investment needs of its customers. Minimum investment amounts of some wealth management products have been lowered to cater to the needs of retail investors, who are seeking higher yields on their capital.



信用咭

在通縮凌厲，消費疲弱，失業率及破產個案不斷上升之下，整個信用咭行業都在異常惡劣環境中艱苦經營。

二〇〇二年與上年比較，本行發咭總數只有些微增長，而放出賬項及代收單款均呈現退減。二〇〇二年撇賬率上升至14.6%。面對不明朗前景，本行已實行暫時將咭數增長及信貸額嚴格控制於適當水平，待環境轉好再行擴展。

籌備中的正面信貸資料庫預期於本年四月立法會通過有關法例後便告成立，同業間可望於年內互換正面信貸資料，此舉當有助於銀行篩選客戶，審慎發咭，改善呆壞賬情況。

保險

永隆保險有限公司及永隆代理有限公司分別提供承保及代理保險服務。二〇〇二年業務有理想增幅，總收益較上年上升31.8%，主要因為多汲納了經紀及代理的生意。

本行有參與投資的銀和再保險有限公司、香港人壽保險有限公司、專業責任保險代理有限公司、澳門聯豐亨人壽保險股份有限公司、加安保險代理有限公司，各別發展其專門產品，承保和收益均符合預期目標。期望藉此加強與同業的關係和合作，有助於保險公司進一步拓展市場。

Credit card

The card industry was hard hit under prolonged deflation, weak domestic consumption, high unemployment rate and rising personal bankruptcies.

The total number of credit cards issued registered only a slim growth in 2002; while credit card lending and receivables were lower than that at 2001 year-end. The charge off ratio for the year 2002 surged to 14.6%. The Bank is opting for a moderate growth in card base and credit card lending in time of adversities, with the hope of reaping better profit growth when the economy turns around.

A credit data bank, facilitating the sharing of positive information about customers among banks is expected to become operative in 2003 following the passage by the Legislative Council of an amendment to the personal privacy code in April. It will help banks in their credit assessment and should improve credit card quality and bad debt positions of the banks.

Insurance

The performance of the Bank's two insurance subsidiaries, Wing Lung Insurance Company Limited and Wing Lung Agency Limited, which act as principal and agent respectively for a wide range of insurance services, recorded remarkable growth. Total income from insurance operations was up 31.8% as compared with the same period in 2001, attributable to the growth in underwriting and agency businesses.

The performance in terms of business volume and income generated from our joint ventures, viz, BC Reinsurance Limited, Hong Kong Life Insurance Limited, Professional Liability Underwriting Services Limited, Luen Fung Hang Life Limited and Equity Underwriters Limited, has progressed on schedule. It is hoped that through close relationship and cooperation with other banks, the Bank will be more able to further expand its insurance business.



證券

永隆證券有限公司及永隆期貨有限公司分別提供各類證券及期貨買賣服務。二〇〇二年本港股市總交投量較上年減少，本行成交額只錄得輕微跌幅，期貨業務收益略為增加。



Securities broking

Wing Lung Securities Limited and Wing Lung Futures Limited provide various securities and futures investment service. Despite a substantial decline in the total trading volume of the local stock market in 2002, the Bank recorded only a mild decrease in transaction volume. Income from futures broking increased slightly.

分行

為求將資源集中作更有效使用，去年十月將愉景新城分行業務歸併入荃灣分行辦理，此後本行在本地開設之分行數目減少至三十四間。

現時銀行基本業務大部份已實行自動化，各分行今後會更著重擔當分銷站角色，推廣各類財資、證券、保險、人壽等服務產品。

羅省分行及開曼群島分行均如常運作，業務進展平穩。

資訊科技

本行向IBM購置的高智能櫃員平台系統，經過多個月的測試及調校之後，前台終端機對客部份已告完成，效果滿意，已在各分行及部門投入服務。而後台主機部份現已開始進行內部測試，預計在今年第三季完成。

人力資源

在二〇〇二年十二月底，本行僱員總人數為一千二百五十二人。

人力資源部經常有開設一些與業務及新產品有關的課程、資訊科技應用課程、專題講座等，以培訓和充實職員的知識和技能，或協助他們作持續進修，配合業務發展所需。

Branch

As part of the Bank's efforts to ensure effective resources allocation, the Discovery Park Branch merged with Tsuen Wan Branch in October 2002, thus reducing the total number of local branches to 34 branches.

The role of the branch network has changed as the Bank moved more towards electronic delivery channels. Branches are now assuming greater responsibilities as a sales center for the Bank's financial services and products such as wealth management, securities trading, general insurance and life insurance.

The Bank's Los Angeles Branch and Cayman Islands Branch both achieved steady growth.

Information technology

After months' of testing and fine-tuning, the front-end terminals of the new teller platform acquired from IBM have started operating in branches and some departments. The testing of the back-end host is underway and is expected to be completed in the third quarter of 2003.

Human resources

At the end of December 2002, total workforce amounted to 1,252.

Human Resource Department has been actively organising seminars and training sessions related to bank operation, product knowledge, information technology and specialised topics with a view to providing continued training opportunities, and upgrading the skills and knowledge base of its staff so that they are better equipped to cope with business needs.