

二〇〇一年全球經濟陷入周期放緩，而香港面對的結構性調整仍然持續，本銀行業績亦呈現退縮。

本銀行截至二〇〇一年十二月三十一日止之綜合溢利，經扣除稅項準備後，為港幣八億四千五百八十二萬七千元，較二〇〇〇年減少百分之十六點三。期間淨利息收入減少百分之十點八，非利息收入減少百分之三點一，營業支出增加百分之九點二；綜合資產總值港幣六百四十四億零四百九十九萬一千元，較二〇〇〇年減少百分之一點六，總存款港幣四百九十六億零四百八十一萬一千元，較二〇〇〇年減少百分之零點二；總放款港幣二百八十九億七千三百七十二萬七千元，較二〇〇〇年輕微增加百分之二點六。

董事會建議開派末期股息每股港幣九角三仙，連同二〇〇一年九月已派之中期股息每股港幣三角八仙，二〇〇一年全年股息為每股港幣一元三角一仙。

去年有鑑於經濟前景殊不明朗，本銀行對信貸業務的經營刻意採取了較嚴謹的態度，力求資產質素不轉趨惡化，故而盡量將放款業務分散，致力拓展房地產以外的信貸業務及非利息收益業務，冀能逐步將此基礎加固及擴大。由是於去年中成立理財中心，向客戶提供買賣單位信託基金、債券、外幣連繫存款及外幣期權等產品，因能給與投資者多類型選擇，深受客戶歡迎，其後復於九龍旺角分行增設分部以照顧九龍地區客戶。

信用咭業務持續增長，發咭數量、應收賬款及收單數目均有顯著增幅，惟在經濟低迷境況下呆壞賬比率亦上升至高點，當中不乏濫用破產程序逃避債務者，令盈利深受影響。近期銀行

In 2001, Hong Kong's economy was impacted by global economic downturn and the domestic restructuring problems. Against such a tough operating environment, the Bank registered a negative profit growth for the period under review.

The consolidated net profit for the year ended 31 December 2001, after making provision for taxation, amounted to HK\$845,827,000, representing a decrease of 16.3% from 2000. Net interest income decreased by 10.8%, and non-interest income declined by 3.1%. Operating expenses rose by 9.2%. Consolidated total assets amounted to HK\$64,404,991,000, or 1.6% decrease from 2000. Total deposits dropped marginally by 0.2% to HK\$49,604,811,000, while advances recorded a mild increase of 2.6% to HK\$28,973,727,000.

Your directors propose that a final dividend of HK\$0.93 be paid on each share. This, together with the interim dividend of HK\$0.38 per share already paid in September 2001, will amount to a total dividend of HK\$1.31 per share for the year 2001.

Mindful of the uncertainties facing Hong Kong's economy, the Bank pursued an even more prudent lending policy last year to safeguard our good asset quality. We diversified our loan book by expanding into non-property related loan products and expanded our scope of fee income business, so as to broaden our loan base and revenue stream. As part of this strategy, the Wealth Management Centre was set up in mid 2001 to offer a wide range of investment products, including unit trusts, bonds, currency-linked deposits, currency options, etc, to our customers. It is encouraging to see that this service has received favourable response. In view of overwhelming support, an additional centre was set up in our Mongkok Branch to better serve our customers on Kowloon side.

Our credit card business has been progressing steadily with good growth in cardholder base, card receivables and merchant acquisition business. However, poor economic conditions, coupled with the city wide abusive use of personal bankruptcy proceedings to shirk heavy debt resulted in a higher charge off ratio, adversely affecting our card centre profitability. The Hong Kong Association of Banks, Financial Services Bureau, the Hong Kong Monetary Authority and other relevant authorities are working out ways to handle the problem of credit card debts. Banks in Hong Kong

公會與財經事務局、金融管理局會同各有關部門商討對策，銀行間已初步同意互換客戶正面信貸資料，此舉對業界加強發咭審批程序及控制風險有很大幫助。

透過全資附屬之永隆財務有限公司經營的租購貸款業務有穩定增長，對集團盈利貢獻比重逐漸加大。

永隆證券有限公司及永隆期貨有限公司所經營的證券及期貨經紀業務，由於二〇〇一年股市顯著回落，成交萎縮，收益亦相對減少。

永隆保險有限公司與永隆代理有限公司所經營的保險承保及代理業務，二〇〇一年有強勁增長，總收益亦穩定上升。與同業合組的香港人壽保險有限公司、銀和再保險有限公司及 Professional Liability Underwriting Services Limited 業務均順利開展，預期將會對本集團盈利作出貢獻。在各成員銀行協力發揮彼此潛能下，已逐漸在市場開拓新領域。本銀行會充份利用各部門及各分行與客戶的關係網絡大力促銷人壽及一般保險業務，期望藉此擴闊非利息收入來源。

為提高服務效率及進一步利用資訊科技拓展各種自動化服務以利便客戶，本銀行已於去年初向國際商業機器中國香港有限公司購置了一套最先進櫃員平台系統，以更新及取代現用的櫃員終端機系統。至今已啟用的功能計有為適應利率協議全面解除而推行的存款分層付息系統，徵收各類服務費用系統，而整套櫃員平台系統的使用，預期可於本年底完成及運作。藉著此一高智能櫃員系統，將有助於管理好與客戶關係，深入和細緻地分析客戶往

來，have come to an initial agreement to share among themselves positive information about their customers. The proposed measure would help strengthen card issuing procedures and credit risk management.

The progress of our hire purchase and leasing subsidiary, Wing Lung Finance Limited, has been satisfactory. The company made increasing contribution to the Group's profit.

In 2001, the local stock market experienced a substantial downturn. This, coupled with thin transaction volume, caused a profit decline from securities and futures investment service through Wing Lung Securities Limited and Wing Lung Futures Limited.

The business of the Bank's two insurance subsidiaries, Wing Lung Insurance Company Limited and Wing Lung Agency Limited, which act as principal and agent respectively, recorded marked growth in 2001, with profit increasing steadily. The operation of Hong Kong Life Insurance Limited, BC Reinsurance Limited and Professional Liability Underwriting Services Limited, the joint ventures set up with other banks, has progressed smoothly. It is expected that with the combined efforts and expertise of the member banks, these strategic partnerships will lead to good business prospects, contributing to the profitability of the Group in the long run. Given the support of the Bank's customer base, all the departments and branch network will provide a strong platform to cross-sell life insurance and general insurance products. It is anticipated that the insurance operation will produce a generous source of non-interest income.

To improve operational efficiency and to provide more convenient banking services via automated delivery channels, the Bank made considerable investments in information technology development and purchased in early 2001 from IBM China/Hong Kong Limited the most sophisticated teller terminal system to replace the existing teller terminal system. As of now, the tiered deposit interest rate calculation system tailored to meet interest rates deregulation and the banking service fee module have been successfully launched. The complete new teller platform is expected to be operational in 2002 year-end. This state of the art teller terminal system will facilitate better management of customer relationships through positive identification of customers' needs and cross-selling opportunities. Being a bank rooted in Hong Kong, we will closely

來數據，從而瞭解他們的需要，增加交互推銷各類服務產品的能力。作為一家成長於本地的銀行，本銀行定當緊貼市場脈膊，迎合客戶需求，不斷改良創新我們的服務產品。

香港一向是開放型經濟體系，受外來因素影響極大，去年美國經濟泡沫爆破，其後再遇上九一一事件衝擊，加上本地經濟亦正在轉型，遂踏入了一段漫長調整期。中國加入世貿組織後將會為香港帶來大量商機，直接或間接帶動經濟重返上升軌道。美國經過連串減息，及結束在阿富汗軍事行動後致力重建經濟，已見復甦跡象，希望能同時引領其他貿易對手的經濟復元，當環球貿易恢復暢旺，香港自然也可以受惠。

中國加入世貿組織後，亦將逐步對外開放市場，香港一向擔當對華貿易的中介地位定然有所改變，而與珠江三角洲地區經濟融合亦是大勢所趨。香港一向擅長靈活適應環境的變遷，我們的強項是擁有優越地理位置，健全的金融體系，完善法律制度，靈通的資訊網絡及良好營商環境，只要堅定信心，拿出以往拼搏精神，強化和發揮這些優勢，定能為經濟發展找到新的路向。

短期而言，香港通縮和失業情況難以即速改善，消費依然疲弱，物業市場供應過剩及經濟迄無起色，令借貸需求繼續萎縮。雖然去年中利率協議管制完全撤消後，同業間對存款的競爭未若預期之劇烈，惟銀行業經營困難仍會持續一段時期。吾人當堅持一貫穩健原則，嚴控開支、成本，善用資源，同時不忘吸收新科技和新概念去改進服務與經營方式，以期業務得以持續發展。

monitor market intelligence and development and strive to innovate quality service to better serve our customers' needs.

It is inevitable that Hong Kong will be affected by the global economic environment, given its open economy. The bursting of the bubble economy and the September attacks in the United States, coincided with our economic restructuring, brought about the ongoing long economic readjustment process. China's accession to the World Trade Organization is expected to bring in enormous opportunities, which will directly or indirectly provide an impetus for the territory's economic recovery. After a series of interest rate cuts and the US military campaign in Afghanistan, the US economy has shown signs of turnaround resulting from the country's strong commitment to rebuild the economy. It is hoped that the US-led recovery would help bring an upturn to the economies of its trading partners, and Hong Kong would be able to share the benefit when the global economy revitalizes again.

China's accession to the World Trade Organization will lead to the gradual opening of the mainland market to the world economy. The traditional role of Hong Kong as an intermediary will change over time, and our further integration with the economy of the Pearl River Delta area will be the long term trend. The people of Hong Kong, with their high degree of adaptability and resilience, have ridden out many ups and downs in the past. Hong Kong is endowed with a unique geographical position, sound financial system, sophisticated legal system, well-established telecommunication network and favourable business environment. With drummed up confidence and renewed striving spirit they used to have, Hong Kong people can build on our inherent strengths and continue to move forward in the right direction to open up new economic opportunities.

In the near term, deflation and high unemployment will not subside significantly. Given the abundant supply in the property market and the unfavourable economic environment, loan demand will remain sluggish. Although competition for deposits was less severe than expected following the lifting of the interest rate caps in July 2001, the operating environment in the banking sector will remain tough for some time. Against this background, the Bank will continue to adhere to its prudent operating philosophy and adopt rigid cost control measures to ensure effective resource allocation. At the same time, we will continue to explore new forms of information

助理總經理曾崇光先生服務本銀行二十八年，經於二〇〇一年底榮休。曾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。

本人謹在此向所有客戶、股東、各界友好、同業先進過去一年給與本銀行的支持，尤其是創辦人伍宜孫博士及前任董事長伍黎宜博士的時加匡導，敬致謝忱；對本銀行管理層暨全體職員的辛勤工作與忠誠服務，共同面對和克服不景時期的困難與挑戰，亦謹代表董事會向他們致以衷心感謝！

董事長
伍步高

二〇〇二年二月二十七日

technology and new management concepts to further upgrade our service and mode of operation, such that long term solid growth will be attained.

Mr Shung-kwong Tsang, Assistant General Manager, retired at the end of 2001 after 28 years of service with the Bank. On behalf of the Board, I wish to express our heartfelt thanks to Mr Tsang 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 of our customers, shareholders, friends and fellow bankers for their continued support and guidance, to Dr Yee-sun WU, founder, and Dr Jieh-ye WU, former Chairman of the Bank, for their wise counsel and to the management and entire staff for their ongoing dedicated service and great determination in meeting challenges and adversities.

Michael Po-ko WU
Chairman

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