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概述

儘管市場氣氛低迷，加上本地及全球經濟持續下滑，中國工商銀行(亞洲)有限公司(「中國工商銀行(亞洲)」或「本銀行」)在母公司中國工商銀行毫無保留之全力支持下，發揮其經營優勢，成功克服了逆境經營之挑戰，並取得顯著成績。

財務回顧

本銀行董事欣然宣佈，縱使二零零二年之營商環境困難重重，本銀行盈利卻再度取得可觀增長。綜合股東應佔溢利達四億八千二百萬港元，較二零零一年之三億三千萬港元上升百分之四十六。盈利取得顯著增長乃由於收費收入強勁增長，加上本銀行嚴格控制成本所致。每股盈利為七十港仙(二零零一年：五十六港仙)，平均資產回報率及平均普通股股本回報率則分別為百分之一及百分之十點四(二零零一年：百分之一點一及百分之九點三)。

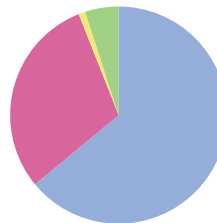
二零零二年之淨利息收入較二零零一年上升百分之四十一至六億八千九百萬港元，主要因為貸款總額上升百分之十六，大幅彌補了淨息差收窄之影響。於二零零二年上半年，淨息差實際下降十七個基點至百分之一點四九，及至二零零二年下半年，淨息差進一步下降四個基點至百分之一點四五。儘管仍然面對息率下調壓力，惟透過審慎精明之資產及負債管理，淨息差的下降幅度相比二零零二年上半年下降十七個基點已明顯收窄。

此外，其他營運收入亦大幅上升百分之九十三至三億九千一百萬港元(二零零一年：二億三百萬港元)。收費收入主要來自銀團貸款市場及資本市場融資活動，其他收費則來自貿易融資、財資活動及零售業務。非利息收入佔整體營運收入之比例為百分之三十六(二零零一年：百分之二十九)。

總營運收入顯著上升百分之五十六至十億八千萬港元，而在本銀行有效控制開支下，營運支出僅增加百分之六至三億七百萬港元(二零零一年：二億八千九百萬港元)，錄得百分之二十八之較佳成本對收入比率(未計入商譽攤銷三千六百萬港元)，而上年度則為百分之四十二。於二零零二年十二月三十一日之員工總數為五百五十三名，而二零零一年年底則為五百五十八名。

收入組合 二零零二年 Income Composition 2002

淨利息收入	Net Interest Income	64%
淨收費及佣金收入	Net Fee and Commission Income	30%
外匯交易收益淨額	Net Gains from Foreign Exchange Activities	1%
其他收入	Other Income	5%



管理層之討論與分析

此外，二零零二年之呆壞賬撥備淨額為一億八千二百萬港元，其中五千八百萬港元乃由於整體貸款擴大而增加之一般撥備金額，其餘一億二千四百萬港元則為專項撥備淨額（經扣除撥備回撥）。專項撥備淨額較去年微增五千八百萬港元，主要為撥備回撥金額有所下降所致。儘管整體貸款增加，惟新增撥備實際下降四千二百萬港元。

本銀行於二零零二年十二月三十一日之資產總額為六百二十二億六千二百萬港元，較二零零一年十二月三十一日上升百分之四十三。資產增長主要來自整體貸款增長。儘管香港之借貸市場淡靜，惟本銀行之整體貸款卻保持百分之十六之強勁增長，自二零零一年十二月三十一日至今已增加四十四億二千三百萬港元。新增貸款以大型藍籌企業及其他內地或中國聯屬藍籌公司之銀團貸款為主，使整體貸款風險組合得以改善。住宅按揭、貿易融資及租購貸款亦錄得增長。

本銀行亦進一步增加優質債券投資，務求增加付息資產。於二零零二年十二月三十一日，債券投資總額達一百零二億一千二百萬港元（二零零一年十二月三十一日：六十七億四千二百萬港元），佔資產總額百分之十六，而其中大部份債券投資屬持至到期證券，其餘則屬非持作買賣用途證券。

於二零零二年十二月三十一日之客戶存款達三百八十七億五千一百萬港元，佔負債總額百分之七十三。與二零零一年相比，客戶存款取得百分之三十增長，成績令人鼓舞。年內，本銀行亦發行合共十四億二千九百萬港元之存款證，從而取得較長期資金。貸存比率（即客戶存款加已發行之存款證）則維持在百分之八十（二零零一年十二月三十一日：百分之九十二）之理想水平。

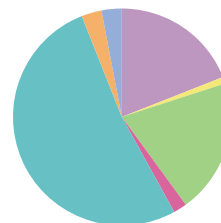
資產素質

於二零零二年十二月三十一日之不履約貸款總額較二零零一年年底下降十一億九千一百萬港元至七億三千九百萬港元，其中收回五億一千八百萬港元，另已作全數撥備之八億四千三百萬港元不履約貸款已撇銷。不履約貸款比率從二零零一年十二月三十一日之百分之六點八下降至二零零二年十二月三十一日之百分之二點三。無抵押個人信貸風險仍然維持低水平。

於二零零二年十二月三十一日，累積呆壞賬撥備為五億四千五百萬港元，其中包括專項撥備二億七千萬港元及一般撥備二億七千五百萬港元。

貸款組合二零零二年 Loans Composition 2002

物業發展及其他物業投資	Property Development & Other Property Investment	19%
物業投資 – 住宅按揭	Property Investment – Residential Mortgage	1%
個人 – 住宅按揭	Individuals – Residential Mortgage	20%
個人 – 其他	Individuals – Others	2%
工商及金融業	Industrial, Commercial and Finance	52%
貿易融資	Trade Finance	3%
香港以外使用之貸款	Loans For Use Outside Hong Kong	3%



與二零零一年十二月三十一日相比，逾期貸款亦減少十一億七千九百萬港元至二零零二年十二月三十一日之四億五千四百萬港元。於二零零二年十二月三十一日之逾期貸款覆蓋比率(即專項撥備加抵押品)為百分之九十七(二零零一年十二月三十一日：百分之九十四點一)。友聯中國業務管理有限公司之逾期貸款覆蓋比率為百分之九十二點三，而本銀行餘下逾期貸款之覆蓋比率為百分之一百。

資本及流動資金管理

通過發行後償浮息票據及新普通股，資本基礎得以擴大。於二零零二年三月，本銀行發行七千萬美元定期後償浮息票據予最終控股公司。於二零零二年十二月，本銀行繼續發行兩批合計十五億港元之後償浮息票據：(a)五億港元之後償定期票據(低二級資本)；及(b)十億港元之永久後償票據(高二級資本)。上述之後償票據獲最終控股公司悉數認購，足證中國工商銀行(亞洲)獲得母公司之強大支持。

於二零零二年五月二十一日，本銀行按每股八點一六港元之價格配發九千三百零五萬五千股新普通股，所得款項淨額合計約達七億四千八百萬港元。發行上述新普通股旨在擴大一級資本，以支持進一步業務擴展、改善股份流通量、並增加機構投資者持股比例。所得款項已用作本銀行之資產增長。

於二零零二年底，中國工商銀行(亞洲)之經調整綜合資本充足比率為百分之十七點八，較二零零一年底之百分之十六點一增加百分之一點七，與國際結算銀行之最低要求百分之八相比甚為穩健，使本銀行有足夠能力把握新商機。

二零零二年年末流動資金保持充裕，平均流動資金比率達百分之三十五點九(二零零一年：平均為百分之三十九點七)，遠高於百分之二十五之法定要求，使本銀行能夠在不影響盈利能力之情況下滿足流動資金需求。

收購太平保險

於二零零二年九月二十日，中國工商銀行(亞洲)以總代價一億七千六百萬港元向中保國際控股有限公司及中國保險(控股)有限公司(前稱中國保險股份有限公司)收購太平保險有限公司(「太平保險」)百分之二十四點九股權，藉此加強在中國保險市場的參與力度。通過投資太平保險百分之二十四點九的股權，為本銀行提供另一個渠道，讓本銀行可從不斷快速增長之中國保險市場中受惠。本銀行預期，憑藉太平保險提高承保盈利及投資回報，日後將為本銀行帶來溢利貢獻。

管理層之討論與分析

企業銀行

自二零零一年收購中國工商銀行香港分行之商業銀行業務後，企業銀行已成為本銀行業務擴展及利潤增長的重要驅動力量。於二零零二年，企業銀行仍是本銀行主要的溢利來源，佔本銀行之稅前溢利一半以上；其中三分之二來自收費收入，反映出企業銀行提升本銀行資產回報的實力。比較去年，企業銀行於資產及溢利方面皆錄得雙位數字增長。



本銀行聯同中國實力最強的商業銀行——中國工商銀行完成全球規模最大的港元融資項目，為粵港供水(控股)有限公司籌組一百四十八億港元再融資銀團貸款。

ICBC (Asia) joined hands with ICBC, the largest commercial bank with the most solid financial resources in the Mainland China to complete a Hong Kong dollars financing project of the largest scale in the world. The project raised a syndicated refinancing loan of HK\$14.8 billion for GH Water Supplies (Holdings) Ltd.

銀團貸款業務是本銀行其中一項表現出色的業務。根據亞洲債務市場之暢銷通訊刊物「基點」的資料顯示，本銀行高踞中港兩地銀團貸款牽頭銀行中前三名位置。於該份刊物之二零零二年亞洲銀團貸款排名榜(不包括日本及澳洲)中，本銀行位列第六名。於二零零二年，企業銀行合共參與三十二宗銀團貸款，涉及金額達九百六十億港元。其中本銀行為粵港供水(控股)有限公司籌組的一百四十八億港元再融資銀團貸款，更是史上最大宗之港元銀團貸款交易。

此外，企業銀行亦成功為一家於香港交易所上市之公司安排發行可換股債券，足證本銀行於未來發展同類結構性金融產品之能力。本銀行亦為客戶提供企業融資及顧問服務，包括擔任香港一家大型上市集團企業重組之財務顧問。

本銀行已成為中港兩地大型企業客戶主要往來銀行之一。在母公司中國工商銀行之鼎力支持下，本銀行客戶基礎不斷擴大，且被客戶視為在本港及內地市場拓展業務的商業夥伴。

財資部

對財資部而言，二零零二年乃困難重重之一年。年內息口不斷下調至新低，外匯市場反覆波動，美元強勢全面逆轉。儘管營商環境艱難，財資部仍取得理想業績，收益遠超過預定目標；溢利及資產比二零零一年增長逾倍，為本銀行之整體業績作出重大貢獻。

在息率持續低企的環境下，財資部繼續擴大其債券投資，確保賺取穩定的淨利息收入。該等投資組合約百分之九十五獲投資評級，反映出本銀行致力提升資產素質及擴大收入來源。

此外，通過參與二十九宗涉及發行總金額逾一百八十億港元之一手市場債券包銷活動，財資部亦為本銀行帶來收費收入。其中最顯著的交易為中信嘉華銀行擔任聯席分銷行，安排發行永久性次級(高二級)債券。此類債券發行，在亞洲地區(除日本外)尚屬首次。該項目被財經刊物—“The Asset”評為「最佳混合債券」(“The Best Hybrid Bank Bond Deal”)。根據MCM MarketWatch之統計，本銀行在港元資本市場中亦位列第十三位。

財資部亦積極參與資產/負債管理及資本管理。於二零零二年九月，財資部首次推出五十億港元之中國工商銀行(亞洲)存款證計劃。根據該計劃，本銀行已合計發行十四億港元之存款證予機構及零售客戶。

零售銀行

儘管本港經濟持續疲弱，同業競爭激烈，業務發展困難重重，零售銀行排除萬難，竭力發展貸款業務，務求彌補邊際溢利下降之影響。在本銀行員工同心協力下，通過推出靈活之付款計劃，並加強與大型物業發展商緊密合作，私人樓宇按揭貸款較去年增長百分之四十四，在一手物業市場位列第六位。另外，租購及租賃業務亦錄得百分之三十三點三增長。

繼本銀行於二零零一年推出「匯款通」服務，為客戶提供特快匯款服務至廣東省之指定中國工商銀行分行，本銀行於二零零二年將該項服務擴展至上海及北京之指定中國工商銀行分行。由於匯款僅需半天時間即可送達收款人，該項服務深受客戶歡迎。為使客戶加倍安心，收款人更可透過電話得悉收訖匯款。本銀行會繼續擴展該項服務至內地其他省份。

此外，本銀行亦推出了「按揭通」服務，於內地提供港元/美元之房地產融資服務。客戶不但可享受到在香港償還按揭之便利，更可獲享優惠利率及方便靈活之還款方式。目前，該項服務已覆蓋北京、上海及廣東，本銀行亦已與數個樓盤連結，為買家提供港元及美元按揭融資服務。



本銀行採用戶外廣告為宣傳途徑，並以「連繫無間，優勢無限」為核心訊息，以提高知名度。

The Bank puts forward a core message of "Closest Links and Unlimited Advantages" by outdoor advertising to enhance our publicity.

管理層之討論與分析

為滿足客戶需求，尤其是處於低息環境下，本銀行已擴展旗下之投資相關產品。本銀行繼續提供結構性存款，如與股票掛鈎及與貨幣掛鈎之高息存款，並廣受尊尚客戶歡迎。本銀行亦設立一站式之單位信託投資服務，提供四家著名基金公司多至一百一十項基金供客戶選擇。於二零零二年八月，本銀行推出零售債券投資服務，提供由多家國際著名機構發行之優質債券以供客戶按其投資目標而選擇。於二零零二年十二月，本銀行首次發行零售存款證，鑑於客戶之認購反應熱烈，本銀行合共發行三批零售存款證，發行總額達兩億港元及四千萬美元。

為建立一套以客為尊之銷售及服務文化，本銀行定期為前線員工提供專業培訓，務求為客戶提供更優質服務。目前，本銀行百分之八十以上之前線員工均具銷售保險及強積金等投資產品的資格。

本銀行繼續透過積極革新及精簡工作流程以致改善本地分行網絡，加強以銷售為本及以客為尊之運作方式。據此，旺角分行及西環分行已全面改革。截至二零零二年年末，本銀行在全港共有二十間分行。本銀行會繼續調整及拓展分行網絡，藉以物色未來之發展機遇。

預期零售銀行業務來年將面對更激烈的競爭。本銀行將會繼續通過推廣住宅按揭貸款與租購及租賃業務，努力提升市場佔有率及回報率。本銀行將與內地之中國工商銀行分行加強合作及聯繫，充分利用區內每個業務機遇。通過設立財富管理中心、精簡分行網絡、加快產品開發速度及重組零售管理架構，本銀行將進一步開拓零售客戶基礎，並提升盈利能力。通過上述各項措施，本銀行將達至提升規模經濟效益，加強推廣營銷文化，改善營運效率及提高盈利能力的目標。

商業銀行

儘管二零零二年本港之整體商業貸款需求出現萎縮，商業銀行業務仍較去年增長約百分之三十。因大部份本地公司放眼內地之龐大市場，故本銀行能不斷吸納優質新客戶。由中國工商銀行內地分行貸出並由本銀行提供備用信用證之人民幣貸款，深受經營內地業務之本地中小型企業歡迎。此外，本銀行於中國推出之特快「匯款通」服務亦加強了本銀行之競爭力，增加了本銀行與客戶間之日常業務。展望二零零三年，全球經濟仍然未見明朗，惟內地市場仍然擁有龐大之發展潛力，本銀行將繼續為本地公司客戶提供周全之金融服務。

金融機構

隨著愈來愈多台資企業在中國內地作直接投資，市場對海峽兩岸之跨境金融服務需求愈見殷切。中國工商銀行乃全國規模最大之商業銀行，分行網絡遍佈全國各地。中國工商銀行(亞洲)作為中國工商銀行在香港之上市旗艦，享有獨一無二之優勢，具備有利條件成為中國內地與台灣間從事金融活動之橋樑。截至二零零二年年底，本銀行已與台灣七家銀行加強合作。本銀行將繼續擴展及加強海峽兩岸之金融服務，包括特快匯款、清算、貿易融資、人民幣融資、保理及信用證買斷等業務。



本銀行推銷ICBC首張集有兩個賬戶的信用卡，方便客戶的簽賬及付款。
The Bank promotes the first ICBC Credit Card, which combines two accounts to facilitate customers' consumption and payment.

信用卡業務

於二零零二年十二月十八日，本銀行母公司中國工商銀行宣布在香港推出首張集人民幣與港幣於一身的ICBC信用卡。ICBC信用卡為全港首張集兩幣於一身的信用卡，亦是首張專以跨境商務旅客為服務對象的信用卡，同時亦是中國工商銀行首次在香港發行的信用卡。

該信用卡由中國工商銀行香港分行屬下的中國工商銀行香港信用卡中心發行，並委託本銀行代理銷售。預期本銀行日後可透過為此等ICBC信用卡客戶提供多元化之金融服務。

人力資源

二零零二年年底，本銀行的員工總人數為五百五十三名。中國工商銀行(亞洲)深信，高質素和優秀的員工是本銀行最寶貴的資源。於二零零二年，本銀行繼續增加在人力資源方面的投資並招聘優秀人才加盟。本銀行透過各項培訓計劃，以積極提升員工的專業知識、增強客戶服務技巧、推廣銷售文化、並確保員工符合有關的監管要求。

本銀行非常重視員工價值和表現，故本銀行實行與表現掛鉤的花紅制度，並與本銀行整體盈利水平、部門表現、業績、及本銀行的目標和價值直接連繫。

中國工商銀行(亞洲)重視營造企業文化，新成立之員工康樂委員會於年內組織了多項活動，包括員工旅行、越野戰、籃球比賽、保齡球比賽及攝影比賽等，有效地增強了員工的歸屬感和團隊合作精神。



本銀行員工代表參加香港華商銀行公會舉辦2002年行際保齡球比賽，並取得冠軍及多個獎項。
Our staff took part in the interbank bowling contest in 2002 organised by The Chinese Banks' Association Ltd. and have won the championship and a number of awards.



高層管理人員

1. 朱琦 (董事總經理暨行政總裁)
2. 趙京芬 (董事暨副總經理)
3. 郭鍵雄 (董事暨副總經理)
4. 王岩 (副總經理)

Senior Management

1. Zhu Qi (Managing Director & Chief Executive Officer)
2. Zhao Jingfen (Director & Deputy General Manager)
3. Kwok Kin Hung (Director & Deputy General Manager)
4. Wang Yan (Deputy General Manager)



MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW

Despite the unfavourable market sentiment and the prolonged downturn in the local and the world economy, with the full and unreserved support from the parent bank, ICBC, Industrial and Commercial Bank of China (Asia) Limited ("ICBC (Asia)" or "the Bank") successfully met the performance challenge by building on its operating strengths and achieved a remarkable result.

FINANCIAL REVIEW







Amidst a difficult operating environment and a challenging year in 2002, the Directors of the Bank are pleased to announce another year of remarkable earnings growth. Consolidated profit attributable to shareholders recorded HK\$482 million, representing an increase of 46% over that of HK\$330 million for the year of 2001. The significant growth in earnings was attributed to strong performance in fee income and by exercising stringent cost control. Earnings per share was HK\$0.70 (2001: HK\$0.56). Return on average assets and return on average common equity were 1.0% and 10.4% respectively (2001: 1.1% and 9.3%).

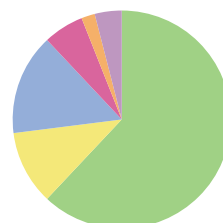
Net interest income for the year of 2002 surged by 41% to HK\$689 million over 2001, mainly due to a 16% increase in total loans that had largely compensated the squeeze in net interest margin. The net interest margin actually dropped 17 basis points to 1.49% in the first half of 2002 and further decreased by 4 basis points to 1.45% for the second half of 2002. Through a judicious approach to asset and liability management, the net interest margin distinctly narrowed from the decline of 17 basis points in the first half of 2002 despite pressure on pricing.

Other operating income recorded a substantial increase of 93% to HK\$391 million (2001: HK\$203 million). Fee income was largely derived from syndicated loans and capital market activities. Other fees were generated from trade finance, treasury activities and retail services. The proportion of non-interest income to total operating income was 36% (2001: 29%).

While total operating income increased 56% to HK\$1,080 million, operating expenses were effectively controlled and only up by 6% to HK\$307 million (2001: HK\$289 million), resulting in a more efficient cost income ratio (excluding amortisation of goodwill of HK\$36 million) of 28% compared to 42% last year. Total number of staff was 553 as at 31st December 2002 compared with 558 at the end of 2001.

營運支出組合 二零零二年
Operating Expenses Composition 2002

員工支出	Staff Expenses	62%	
物業支出	Premises Expenses	11%	
營運支出	Operation Expenses	15%	
電腦支出	Computer Expenses	6%	
業務推廣支出	Business Promotion Expenses	2%	
通訊支出	Communication Expenses	4%	



MANAGEMENT'S DISCUSSION & ANALYSIS

Net charge for bad and doubtful debts for the year of 2002 was HK\$182 million, HK\$58 million of which related to building up of the general provision as the loan book expanded and HK\$124 million related to net specific charge (i.e. after netting of provision writebacks). Compared with last year, net specific provision edged up moderately by HK\$58 million mainly due to reduced level of provision writebacks. New charges were in fact decreased by HK\$42 million despite the enlarged loan book.

Total assets were HK\$62,262 million as at 31st December 2002, a 43% rise when compared with 31st December 2001. The asset growth was mainly achieved through the enlargement of loan book. Despite the lackluster lending environment in Hong Kong, the Bank's loan book maintained a strong growth of 16%, up HK\$4,423 million since 31st December 2001. The majority of new loans were syndicated loans to large cap blue-chip corporations and other China or China affiliated blue-chip companies, resulting in a much improved risk profile of the loan book. Other growth was recorded in residential mortgages, trade finance and hire purchase loans.

Additional investment in quality debt securities was also made in an effort to increase interest-earning assets. As at 31st December 2002, total investment in debt securities amounted to HK\$10,212 million, or 16% of total assets (31st December 2001: HK\$6,742 million). Most of the investments were classified as held-to-maturity securities while the remaining were classified as non-trading securities.

Customers' deposits amounted to HK\$38,751 million or 73% of total liabilities as at 31st December 2002. When compared to 2001, customers' deposits achieved encouraging growth of 30%. During the year, the Bank also issued Certificates of Deposits of HK\$1,429 million in total to secure longer term funding. The loans to deposits (i.e. customers' deposits + certificates of deposit issued) ratio stood at an efficient level of 80% (31st December 2001: 92%).

ASSET QUALITY

Compared to the year end of 2001, the gross non-performing loans (NPLs) as at 31st December 2002 dropped HK\$1,191 million to HK\$739 million, of which HK\$518 million was due to recoveries while another HK\$843 million of the fully-provided NPLs were written off against the loan loss reserves. NPL ratio dropped from 6.8% as at 31st December 2001 to 2.3% as at 31st December 2002. The exposure to unsecured personal credits remained insignificant.

As at 31st December 2002, the cumulative provisions for bad and doubtful debts were HK\$545 million, comprising specific provision of HK\$270 million and general provision of HK\$275 million.

MANAGEMENT'S DISCUSSION & ANALYSIS

Compared with 31st December 2001, overdue loans reduced by HK\$1,179 million to HK\$454 million as at 31st December 2002. The debt coverage ratio (i.e. specific provision + collateral) for overdue loans was 97.0% as of 31st December 2002 (31st December 2001: 94.1%). The debt coverage ratio for UB China Business Management Co. Ltd.'s overdue portfolio was 92.3% while the Bank's remaining overdue portfolio was fully covered.

CAPITAL AND LIQUIDITY MANAGEMENT

The capital base was augmented via the issuance of subordinated floating rate notes and new ordinary shares. In March 2002, the Bank issued US\$70 million term subordinated floating rate notes to the ultimate holding company. In December 2002, the Bank continued to issue HK\$1.5 billion subordinated floating rate notes into two tranches: (a) HK\$500 million term subordinated notes, the Lower Tier II Capital; and (b) HK\$1 billion perpetual subordinated notes, the Upper Tier II Capital; All of which were fully subscribed by the ultimate holding company evidencing strong parent support to ICBC (Asia).

On 21st May 2002, 93,055,000 new ordinary shares were allotted at HK\$8.16 per share. Total net share proceeds amounted to approximately HK\$748 million. The purpose of the issue was to enlarge the Tier 1 capital to support further business expansion, to improve share liquidity and to increase institutional shareholding. The share proceeds were used to finance the Bank's asset growth.

The adjusted consolidated capital adequacy ratio of ICBC (Asia) increased by 1.7% to a healthy level of 17.8% at the end of 2002 (2001: 16.1%) compared with the Bank for International Settlements minimum requirement of 8%, allowing us to capitalize on new business opportunities.

The liquidity position remained strong throughout the year of 2002 with an average liquidity ratio of 35.9% (Average for the year of 2001: 39.7%), which was well above the statutory requirement of 25%, enabling us to meet liquidity needs without compromising the profitability of the Bank.

ACQUISITION OF TAI PING INSURANCE

On 20th September 2002, ICBC (Asia) has strengthened its participation in the China insurance market by acquiring the stake of 24.9% in The Tai Ping Insurance Company, Limited ("Tai Ping Insurance") from China Insurance International Holdings Company Limited and China Insurance (Holdings) Company, Limited (formerly known as China Insurance Company, Limited) for a total consideration of HK\$176 million. The 24.9% stake in Tai Ping Insurance offers the Bank another stepping stone to benefit from the growing China insurance market. The Bank is expecting this arm to deliver profit contribution by means of rising underwriting profits and investment return in the future.

MANAGEMENT'S DISCUSSION & ANALYSIS



本銀行取得中遠香港集團二億五千萬美元銀團貸款的獨家授權書 (Sole Mandate)

The Bank obtained the Sole Mandate from COSCO Hong Kong Group in relation to a syndicated loan of US\$250 million.

CORPORATE BANKING

Since the acquisition of the Branch commercial banking business in 2001, Corporate Banking has been a significant driving force for the Bank's business and profit growth. It remained the key contributor to the Bank's profitability, contributing more than half of the Bank's pre-tax profit, of which two-thirds come from fee-based income, which reflects Corporate Banking's ability to enhance the Bank's return on assets. On a year-on-year basis, Corporate Banking also achieved a double-digit growth on both assets and profits.

The Bank has established an eminent reputation in the loan syndication market. According to *basis point*, the leading Asian debt market newsletter, the Bank was among the top three arrangers in the Hong Kong and China loan syndication market. The newsletter also ranked the Bank 6th in its 2002 Asian loan syndication league table (excluding Japan and Australia). For the year 2002, Corporate Banking arranged 32 syndicated loans involving HK\$96 billion. A notable transaction, in which the Bank acted as the sole arranger, was the HK\$14.8 billion refinancing for GH Water Supply (Holdings) Ltd., which is the largest Hong Kong Dollar syndicated loan in history.

Corporate Banking has also successfully arranged for the issue of convertible bonds for a company listed on the Hong Kong Stock Exchange, which demonstrates our ability to expand into similar structured financing products in the future. The Bank also provides corporate finance and advisory services to our clients, including acting as a financial adviser in connection with the corporate re-organization of a major listed conglomerate group in Hong Kong.

The Bank is among the leading bankers of major PRC and local corporations in Hong Kong. With the strong support of the largest shareholder, The Industrial and Commercial Bank of China, the Bank's client base continues to expand and is considered a banking partner in their business development in both the domestic and the Mainland markets.

TREASURY AND MARKETS

It was a very tough year for Treasury & Markets ("T&M") in 2002. Interest rates were kept declining and reported a record low level during the year. FX market was very volatile with strong USD trend completely reversed. Despite difficult operating environment, T&M was able to produce results and generate revenue well above the planned target. Compared with 2001, T&M has more than doubled its profits and assets, which contributed significantly to the Bank's overall performance.

With the prolonged low interest surroundings in 2002, T&M continued to expand its investment in debt securities to secure net interest income. Nearly 95% of these investments were investment grade securities, reflecting the Bank's direction to uphold asset quality and diversify income sources.



本銀行出任一項永久性次級債券的聯席分銷行，該項目獲財經雜誌 [The Asset] 評為「最佳混合債券」。

The Bank acted as a joint bookrunner in the issue of a perpetual upper tier-two bond. The project has been awarded by "The Asset" as "The Best Hybrid Bank Bond Deal".

MANAGEMENT'S DISCUSSION & ANALYSIS

T&M also brought in fee income by underwriting over HK\$18 billion debt issues in 29 primary market deals. Among these primary deals, the most remarkable deal was the first Asian (ex-Japan) perpetual upper tier-two bond issued by Citic Ka Wah Bank where the Bank acted as a joint bookrunner. The deal was also awarded by *The Asset* as "The Best Hybrid Bank Bond Deal". The Bank also ranked at 13th in the HKD Capital Markets according to MCM MarketWatch.

T&M also actively participated in assets/liabilities management and capital management. In September 2002, T&M has made pilot launch of ICBC (Asia)'s HK\$5 billion Certificate of Deposit Programme. A total of HK\$1.4 billion Certificates of Deposits were issued off the Programme to institutions and retail customers.

RETAIL BANKING

Despite the continuing gloomy economic environment and keen competition within the industry posted great difficulties in our business development, Retail Banking strived to grow its loan portfolio to compensate for the margin squeeze. With our dedicated efforts, flexible payment plans and close cooperation with major property developers, residential mortgage loans grew by 44%, we are now ranked 6th in the primary property market. Hire purchase and leasing volume also grew by 33.3%.

Following the launch of "Express Remittance" service to designated branches of ICBC in Guangdong province in 2001, we have extended the service to cover designated ICBC branches in Shanghai and Beijing in 2002. The service is well received by our customers for the funds can reach the recipients within half a working day. To get an extra peace of mind, beneficiaries may also be advised the receipt of proceeds by phone. The Bank will continue to extend the service further to cover other provinces in the Mainland.



零售銀行銷售多種財富管理產品，以應不同客戶的需求。

Retail banking introduces various types of wealth management products in order to meet the different demands of customers.



本銀行全線分行都集中推廣首張ICBC雙幣信用卡。
All branches of the Bank focus on promoting ICBC's first dual-currency credit card.

We also launched "Mortgage Plus" service which offers Hong Kong Dollar/US Dollar real estate financing service in the Mainland China. Customers not only enjoy the convenience of repaying the mortgages in Hong Kong, but also benefit from the competitive interest rates and flexible repayment methods. The service now covers Beijing, Shanghai and Guangdong areas and several projects have been lined up to offer the HKD & USD mortgage financing to the end-buyer.

MANAGEMENT'S DISCUSSION & ANALYSIS

In response to the customer needs, especially in a low interest environment, the Bank has expanded its investment-related products. We continue to provide structured deposits such as equity-linked deposit and high yield currency-linked deposit which have gained positive feedback from our high-end customers. We also provides one-stop Unit Trusts Investment service to our customers where over 110 funds from four leading fund houses are available for selection. In August 2002, we started Bonds Investment Service in which customers can have a wide selection of quality bonds issued by reputable institutions worldwide that best meet their investment objectives. In December 2002, we issued the maiden retail Certificates of Deposit. Due to the outstanding subscription responses from customers, three batches of retail Certificates of Deposit were issued amounted to a total of HK\$200 million and US\$40 million.

To develop a customer-driven sales and service culture, we have provided professional training regularly to equip our front-line people to better serve the customers. Over 80% of our front line staff are now qualified for selling investment products such as insurance and MPF.

The Bank continues its effort in upgrading the domestic branch network progressively through renovation and rationalization so as to make the operations more sales oriented and customer centric. Our renovated branches at Mongkok and West Point also followed the same concept. As at 31st December 2002, the Bank has 20 branches in Hong Kong. Relocation of small branches and opening of new branches in strategic locations will be continued for future growth opportunities.

It is envisaged that Retail Banking will become far more competitive in the year to come. We shall keep on promoting residential mortgage loans and hire purchase and leasing businesses along the track to increase our market share and return. We shall leverage and enhance our mutual co-operations and connections with ICBC Mainland branches to capture every business opportunities within the region. We shall strive to build up a more solid, massive and profitable retail customer base by setting up wealth management centre, rationalizing branch network, speeding up product development and restructuring of retail management structure. Through these initiatives, we aim to strengthen the economy of scale, reinforce the marketing oriented culture, improve operational efficiency and enhance profitability.

COMMERCIAL BANKING

Notwithstanding the overall contraction of loan demand for commercial lending in Hong Kong for 2002, Commercial Banking achieved around 30% growth compared with the preceding year. With an eye on the huge China market for most of the local companies, the Bank is able to continue capturing new clients with solid business background. RMB loan extended by ICBC mainland branches supported by our standby L/C remains an attractive products for local SMEs with China operations. Our express remittance service to China enhances our competitiveness and increases our daily activities with our clients. As for 2003, the global economy is still clouded with uncertainty but the China market still have potentials for further exploring. The Bank will continue to support local companies through our comprehensive financing services provided.

MANAGEMENT'S DISCUSSION & ANALYSIS

FINANCIAL INSTITUTIONS

Following the increasing number of direct investments in the Mainland by Taiwan-based corporations, the demand for cross-border and cross-strait financial services grows substantially. ICBC (Asia), being a Hong Kong listed flagship of ICBC, the largest commercial bank in China who has extensive nationwide branch network, enjoys unrivalled advantages to act as a bridge linking the financial activities between the Mainland and Taiwan. Up to 31st December 2002, the Bank has already strengthened co-operations with 7 Taiwanese banks. The Bank will continue to expand and reinforce the cross-strait financial services including express remittance, settlement, trade finance, RMB financing, factoring and forfeiting.

CREDIT CARD BUSINESS

Our parent company, ICBC announced the launch of Hong Kong's first credit card for dual currency accounts, in both Renminbi and Hong Kong dollars on 18th December 2002. ICBC Credit Card is the first one in Hong Kong designed specifically for cross-border business travelers as well as for transactions in both the Renminbi and local currency. It is also the first time ICBC issues credit cards in Hong Kong.

Hong Kong Credit Card Centre, which is under the auspices of the ICBC Hong Kong Branch, issues the card and appoints ICBC (Asia) to market the card. It is expected that ICBC (Asia) will be able to enjoy a multitude of financial services to be introduced in stages.

HUMAN RESOURCES

The Bank had totally 553 staff at the end of 2002. ICBC (Asia) believes that our invaluable resources lie in our outstanding personnel. In 2002, the Bank continued to increase investment in human resources and recruit high calibres. Through various training programs, the Bank proactively enhanced the know-how of our staff, improved their customer service techniques, cultivated a sales and marketing oriented culture and enabled our staff to work in compliance with the relevant regulations.

The Bank attaches great importance to the value and performance of our staff. As such the Bank implements a performance-based bonus system that links directly to the Bank's overall profitability, departmental performance and results, as well as its objectives and value.

At ICBC, we have been working hard to develop our corporate culture. To this end, our newly established Staff Recreation Association has organised a wide range of activities including staff outings, war games, basketball matches, bowling contests and photography contests so as to promote a sense of belonging and team spirit among our staff.



於年內，員工康樂委員會安排多項不同活動，包括舉辦籃球比賽

During the year, our Staff Recreation Association has organized various types of activities including the basketball matches.