

二〇〇三年香港經濟起伏甚大，年初受美伊戰事及非典型肺炎疫潮的衝擊，一度處於停滯狀態，至年中與內地簽署了更緊密經貿關係安排及國內放寬個人旅遊限制，市面情況明顯好轉，消費上升，樓價回穩，股市暢旺，市民負資產情況亦得到舒緩。相信香港經濟最惡劣環境已然渡過，重返上升軌跡。

本行截至二〇〇三年十二月三十一日年度之綜合溢利，經扣除稅項準備後為港幣八億五千八百八十萬四千元，相等於每股盈利港幣三元七角，較二〇〇二年增加13.1%。溢利增長主要受惠於經濟環境的改善及非利息收入的強勁增長，而呆壞賬減少也令撥備大幅降低。

借貸需求依然疲弱，貸存比率為52.9%，較二〇〇二年底之57.8%為低，加上同業競爭劇烈，令息差持續收窄，利息收入減少，幸而利息支出在嚴謹控制下亦同步下降，淨利息收入減少4.8%。

非利息收入上升61.2%，主要是保險、證券經紀及證券買賣、外匯買賣及理財中心收益增長強勁；同時，二〇〇三年敘做樓宇按揭回贈客戶之支出較二〇〇二年為少，令非利息收入有較大增幅。

營業支出微升0.9%，是因頒與職員的獎勵金及職員退休福利金的支出增多所致，行址租金支出則有所下降。成本對收入比率為26.9%，減少3.8%。

本行資產質素保持良好，年內不履行貸款港幣七億二千八百八十二萬二千元，佔總放款2.49%，提撥呆壞賬準備港幣六千七百一十二萬二千元。是年度，保險營業收入增長118.4%，因保險申索而須提撥之準備亦增加至港

Hong Kong's economy experienced considerable vacillation in 2003. The Iraq War and SARS outbreak led to a stagnant economy at the beginning of the year. Domestic consumption, property and stock markets improved markedly in the middle of the year following the signing of the Closer Economic Partnership Arrangement (CEPA) between the Mainland and Hong Kong and the relaxation of travel restrictions for mainland residents. Meanwhile, the situation of negative equity greatly improved. It is believed that the economic nadir is behind us and that Hong Kong is pulling out of the doldrums.

The consolidated net profit for the year ended 31 December 2003, after making provision for taxation, amounted to HK\$858,804,000. Earnings per share was HK\$3.70, representing an increase of 13.1% as compared with that of 2002. The increase in net profit was mainly a result of the improving economic condition, the strong non-interest income growth and the decrease in the charge for bad and doubtful debts.

The Bank recorded a loan-to-deposit ratio of 52.9%, lower than that of 57.8% in 2002. The narrowing interest spread resulting from weak loan demand and severe price competition had a negative impact on the interest income of the Bank. Nevertheless, through effective and stringent interest cost control measures, interest expense declined simultaneously. Overall, the Bank's net interest income fell by 4.8%.

Non-interest income surged by 61.2%, mainly attributable to the increase in income from insurance business, securities broking and trading, foreign exchange trading and wealth management service. The cash rebates given to residential mortgage customers in 2003 were lower than the previous year, contributing to a considerable increase in non-interest income.

Operating expenses went up slightly by 0.9%, mainly attributable to the increase in performance bonus and retirement benefit costs, whereas rental expenses for bank premises reduced. The cost-to-income ratio was 26.9%, representing a reduction of 3.8%.

The Bank's asset quality remained at a satisfactory level. Non-performing loans amounted to HK\$728,822,000, representing 2.49% of gross advances. The charge for bad and doubtful debts was HK\$67,122,000. Income from insurance business surged by 118.4% in 2003, and the charge for insurance claims increased to HK\$339,695,000.

幣三億三千九百六十九萬五千元。

本行綜合資產與二〇〇二年底比較上升9.8%，平均資產回報率為1.33%，平均股東資金回報率為10.34%，集團於二〇〇三年十二月三十一日之資本充足比率為21.5%，本年度平均流動資金比率為51.2%。

存款

二〇〇三年總存款增長5.6%。

預期低息環境會持續至本年中，資金仍然欠缺出路，部份客戶會續將資金轉投於有較高收益的財資產品。

截至二〇〇三年底本行已發行的存款證總值港幣二十六億六千七百九十八萬五千元，較上年增加29.8%，當中包括供客戶認購之定息零售存款證，亦是因應資金需求程度而調節。

香港銀行獲准試辦個人人民幣業務，本行已向擔任清算行的中國銀行表達了參與開辦人民幣存款業務的意向，準備工作已大致完成，可望於二月底推出。

放款

二〇〇三年總放款減少2.6%。

上半年物業市道仍然疲弱，至下半年才出現轉機。由於經濟尚未完全復元，加上同業競爭激烈，樓宇按揭業務較二〇〇二年呈現退縮。現今政府土地政策已有較明確方向，樓宇價格回復穩定，當會積極爭取樓宇按揭業務，以維持市場佔有率。隨著經濟好轉及客戶正面信貸資料庫的實施，本行會推出更多個人信貸新產品，以迎合市場需求。

The Bank reported an increase in consolidated total assets by 9.8% from the previous year-end level. Return on average assets was 1.33%, return on average equity was 10.34%, and the Group's capital adequacy ratio at 31 December 2003 stood at 21.5%. The average liquidity ratio for the year was 51.2%.

Deposits

Total deposits increased by 5.6%, compared with that as at the 2002 year-end.

Interest rates are expected to remain low until mid-2004, and in the absence of better investment opportunities, some depositors channel their funds to higher-yielding investment products.

As at 2003 year-end, certificates of deposit, including fixed rate retail certificates of deposit, amounting to HK\$2,667,985,000 were issued, representing an increase of 29.8% from the previous year, in alignment with the Bank's funding requirements.

As Hong Kong-based banks are allowed to conduct renminbi personal banking business, the Bank has registered its intention to participate in renminbi deposit business to the Bank of China, the authorized renminbi clearing bank. Preparatory work has largely been completed for the scheduled launch of this new product towards the end of February 2004.

Advances to customers

Total loans and advances to customers reduced by 2.6% from the previous year-end level.

The property market remained weak in the first half of 2003; and it was not until the second half that the market sentiment gradually improved. The absence of a full economic recovery coupled with tough competition caused the contraction of the residential mortgage portfolio. As the Government has subsequently announced a clearer housing policy which is conducive to property price stability, the Bank will seek to actively capture more residential mortgage business, and to maintain its market share. In view of the brighter economic outlook and better creditworthiness assessment of individual borrowers through positive consumer credit data checking, new personal loan products will be launched to meet market demands.

去年銀團貸款的敘做尚算平穩，以再融資居多，期望今年經濟復甦勢頭持續及內地與香港更緊密經貿關係安排逐步落實後帶動借貸需求回升，本行亦會繼續積極參與此類信貸活動。

去年企業融資業績良好。為善用資源及強化管理，由去年十一月起企業貸款部與押匯部合併重組成為「企業銀行部」，將人力和資源結合運作，已收到預期經濟效益，可以一站式向客戶提供更妥貼周到服務。

永隆財務有限公司所經營的租購及租賃業務，在經濟低迷持續及同業強烈競爭下，汽車租購業務有所下降，多做了機械及船舶信貸。會與未來的深圳分行加強合作，擴大客源，向南中國廠商客戶提供服務。

財資

與二〇〇二年比較，外匯買賣收益增加14.9%，外幣找換收益減少3.9%，惟集團整體收益仍較去年同期增加10.8%。

市場對美元前景持負面看法，令資金不斷流出美元資產，交投量增加，匯價呈現較大波幅。財資部正研究向客戶提供更多一些交易便利，冀能藉此增加收益。

找換業務在SARS可能重臨及禽流感疫情在亞洲地區繼續擴散底下，旅遊及消費行業會受到衝擊，影響收益，當密切留意環境的轉變而調整經營策略。

理財

理財中心二〇〇三年業績持續向好，

The syndicated loan business has progressed steadily and facilities launched last year were primarily for refinancing purposes. It is hoped that the strong economic momentum and the gradual implementation of CEPA will help boost loan financing activities. The Bank will continue to actively participate in syndicated loan financing business.

Corporate financing activities recorded good growth in 2003. For efficient resources allocation and strengthened supervision, Corporate Lending Department and Bills Department merged in November 2003 to form a new department, renamed as Corporate Banking Department. The Bank can now provide customised one-stop financial solutions to corporate customers and at the same time achieve economies of scale.

In the face of unfavourable economic conditions and severe competition, the hire-purchase and leasing operation of Wing Lung Finance Limited underwent a portfolio refocus, diversifying its product mix from vehicle financing to machinery and vessel financing. The Bank will expand the customer base and offer services to industrial customers in southern China, through collaboration with the planned Shenzhen Branch.

Treasury

Income from foreign exchange operations increased by 14.9%, whereas the money exchange business dropped by 3.9% from last year's level. On aggregate, the Group enjoyed a 10.8% improvement in gains on foreign exchange trading, compared with 2002.

The negative market sentiment for the US dollar led to the outflow of capital from assets denominated in US dollars. The US dollar fluctuated widely relative to other major currencies, boosting trading sentiment. The Treasury Department is considering enhancing its service to accommodate customers thus achieving better returns for the Bank.

Worries about the possible return of SARS and the spreading of bird flu in Asia may have a negative impact on tourism and retail industries, inevitably affecting money exchange income. The Bank will keep a keen eye on the operating environment to formulate appropriate business strategies.

手續費收益有強勁增長。由於存款利率仍處於極低水平，客戶對具較高回報之投資產品有一定需求，本地與外圍經濟均逐步改善，股市暢旺，也令基金業務趨於蓬勃。

理財業務仍有很大發展空間，本行會投放更大資源，蒐羅及設計更多產品，通過質素檢定後供客戶選擇，期望二〇〇四年有更好成績。

信用咭

上半年香港經濟依然疲弱，通縮持續，失業率高企，消費不振，整個信用咭行業仍在困苦當中經營。二〇〇三年與上年比較，本行發咭總數只有些微增長，放出賬項及代收單款則呈現退減，全年撇賬率下降到10.06%，二〇〇三年第四季按年計之撇賬率為5.18%。

自年中內地與香港簽署了更緊密經貿關係安排及推出「自由行」措施後，消費情況有所改善，加上正面信貸資料庫的實施，本行今年會以較積極取態去推動信用咭業務，冀能對集團溢利再作貢獻。

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經紀服務。二〇〇三年本港股市總交投量較去年上升59.2%，本行證券業務成交增長超逾六成，佣金收益有相若增長。

去年下半年香港股市受到多方面利好消息刺激而上揚，成交活躍，游資流入令升勢持續至年底。內地與香港簽訂更緊密經貿關係安排，也為證券業帶來發展機會。證券公司會密切留意市場動向，不時檢討現行各項收費與優惠，以提升發展和競爭能力。

Wealth management

The performance of Wealth Management Centre is remarkable with substantial growth of fee income. There exists a stable demand for higher-yielding investment products in this low interest rate environment.

The unit trust business is flourishing, supported by the improvement in local and global economies as well as a bullish stock market.

Recognising the growth potential of wealth management business, more resources will be deployed to broaden the spectrum of wealth management services. Wealth management products will be conscientiously assessed prior to product delivery to customers. The Bank looks forward to continued earnings growth in 2004.

Credit cards

The card industry was still under a difficult operating environment in the first half of 2003, affected by a slack economy, prolonged deflation, high unemployment rate and weak domestic consumption. The card base grew mildly, while credit card lending and receivables were lower than that at the 2002 year-end. The annualised charge-off ratio for the year 2003 fell to 10.06%. For the fourth quarter alone, the ratio was 5.18%.

Domestic consumption started to show signs of a rebound since the signing of CEPA and the implementation of “individual traveler scheme” in mid-2003. With the operation of the credit data bank, the Bank will adopt a more progressive strategy in promoting credit card business this year. This move would help the card business to resume growth, thus contributing profits to the Group.

Securities broking

Wing Lung Securities Limited and Wing Lung Futures Limited provide a wide range of securities and futures broking services. The Bank registered a growth in trading volume of more than 60% in 2003 compared to the industry's 59.2% growth, with a commensurate increase in commission income.



本行服務產品日益多樣化。
A diverse range of banking products.

保險

永隆保險有限公司二〇〇三年承保意外及醫療、汽車、僱員賠償等類別保險有可觀增長，由聯營的加安保險代理有限公司帶來生意也有頗大升幅。此外，由經紀行轉介的業務亦逐步增加。



兒童保險推廣活動。
Juvenile insurance promotion activity.

保險部代理各類保險，佣金收益有穩定增長，當中以代售香港人壽產品佣金收益增長較大，人壽市場在香港仍有很大發展空間，會繼續利用銀行的分行網絡和人力資源，加強人壽產品的銷售。

分行

為集中資源作更有效運用，去年八月將新世紀廣場分行業務歸併入荔枝角道分行辦理，自此本行在本地開設之分行數目由原來之三十四間減為三十三間。

現時銀行基本業務大部份已實行自動化，各分行會更著重擔當銷售點角色，協助推廣分銷各類理財、證券、保險、人壽等產品。

羅省分行及開曼群島分行業務表現平穩，運作如常。

本行已在羅省亞罕布拉市購入一幅土地為羅省分行籌建行址，建築工程即

Boostered by a number of favourable factors in the second half of 2003, the local stock market saw a strong surge in both prices and trading volume. This upward momentum was sustained through the end of 2003, benefiting from the influx of investment capital. The signing of CEPA created further development potential for the securities brokerage business. The Bank's securities broking subsidiary will closely monitor the market trends and regularly review the pricing policy and customer incentive scheme to enhance competitiveness.

Insurance

Wing Lung Insurance Company Limited enjoyed substantial growth in accident and health insurance, motor insurance, and employees' compensation insurance. The subsidiary's strategic alliance with Equity Underwriters Limited yielded good results as well. Besides, business referrals from other brokers also registered steady growth.

The Insurance Department offers various kinds of insurance services. Commission income grew steadily, particularly on the sale of Hong Kong Life Insurance products. Recognising the great growth potential of the insurance market, the Bank will continue to deploy its branch network and manpower resources for insurance products sales.

Branch

To effectively allocate resources, Grand Century Place Branch merged with Lai Chi Kok Road Branch in August 2003, thus reducing the total number of local branches from 34 to 33.

The Bank's core services are now largely fully automated. Branches are assuming greater responsibility as a sales center to promote financial services and products like wealth management, securities trading, general insurance and life insurance.

The business of Los Angeles Branch and Cayman Islands Branch recorded steady growth.

The Bank has purchased a piece of land in the City of Alhambra for building its Los Angeles Branch. The construction work will commence shortly and is expected to be completed in mid-2005.



計劃興建之羅省分行行址模型。
The model of the Bank's new Los Angeles Branch.

將展開，預期可以在二〇〇五年中落成啟用。

本年一月二日中國銀行業監督管理委員會正式簽發受理本行在深圳設立分行之申請，已租得羅湖區世界金融中心寫字樓作為分行行址，各項籌備工作正積極展開，預期可以在三月下旬開業。

資訊科技

本行向IBM購置的新櫃員平台系統，經過逾兩年傾全力開發，大部份主要工程經已完成，運作尚稱暢順，其中客戶關係管理系統的啟用對前線職員向客戶交互推銷各類產品有一定幫助。

人力資源

在二〇〇三年十二月底，本行僱員總人數為一千二百四十三人，其中香港佔一千二百二十八人，國內佔六人，海外佔九人。

人力資源部經常開設或安排一些與業務及新產品有關課程、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，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。

The China Banking Regulatory Commission issued an acceptance notice on 2 January 2004 which permitted the Bank to prepare for the setting up of a branch in Shenzhen, and the Bank has rented an office at World Finance Centre in Luohu for the branch. All preparatory work is running smoothly, and the new branch is expected to go into operation towards the end of March 2004.



本年二月本行參加在廣州舉辦的「CEPA香港澳門(內地)推廣周」。
The Bank participated in the "CEPA for Hong Kong & Macau Promotion Week" in Guangzhou in February this year.

Investment in information technology

Major systems of the new teller platform acquired from IBM are operating smoothly after over two years of enormous effort. Among them, the launch of the customer relationship management system (CRM) will help front-line staff in their cross-selling activities to a certain extent.

Human resources

At the end of December 2003, the total workforce of the Bank amounted to 1,243, including 1,228 locally, 6 in the Mainland and 9 overseas.

The Human Resource Department has been actively organising courses or seminars related to bank operation, product knowledge, information technology and specialised topics with the aim of training and upgrading staff skills and knowledge. The department also encourages and sponsors staff in continued training programs, certified examinations and obtaining professional qualifications. The department arranges business visits and exchange programs at regular intervals so that the staff are better equipped to cope with business needs.