

Chairman's Statement

主席匯報

It was a testing year for banks in 2009. With few exceptions, Asia sovereigns have weathered the global financial crisis better than their peers in other regions. On the one hand, the continual economic growth and business momentum in China provided new opportunities for financial institutions. On the other hand, the uncertain landscape of the global economy and the increase of demanding regulatory policies presented challenges for the overall banking industry.

2009年，銀行界歷盡考驗。除了少數亞洲國家外，絕大部分亞洲國家較其他地區的國家更能成功抵禦全球金融危機。一方面，中國大陸經濟及商業動力的持續增長，為金融機構提供新機遇；另一方面，不明朗的全球經濟前景，加上監管政策要求提高，卻為整個銀行業帶來挑戰。



Our businesses were not immune from the aftershocks of the global financial crisis. Banks still face a number of challenges, with a key one being asset quality as impaired assets rose significantly during 2009, despite considerable fiscal stimulus and emergency low monetary policy settings. The global financial crisis also poses multiple challenges to the wealth management model, especially how best to retain investor confidence.

Against this backdrop, our performance in 2009 was far from satisfactory. Profits were down sharply, largely due to the falling demand for wealth management products, a significant increase in loan impairment, and costs of the Lehman Minibonds issue. As a result, net profits of the Bank for the year ending 31 December 2009 decreased considerably to HK\$23 million.

During 2009, we took time to step back and review our strategy in the light of the financial crisis and the fundamental changes happening in our industry. We stayed focused on the basics of banking while at the same time we enhanced our risk management capabilities, strengthened internal controls and improved service efficiency. We acted decisively to contain costs and to enhance operating leverage in order to alleviate the negative impact of slowing revenues.

In Corporate & Investment Banking, we took the opportunity during the market downturn to upgrade our customer profile and focused on deploying our capital and liquidity primarily in support of existing clients, and in doing so have further deepened these relationships.

In Wealth Management, we fundamentally reshaped our business, shifting the balance from product sales to client needs and focusing more on portfolio management. From due diligence checking of business partners to products selection to the selling process, we carefully reviewed and enhanced all of our internal processes to minimize risks and to cope with new regulatory requirements.

In Financial Markets, we continued to run the Bank's balance sheet proactively, sustaining the net interest margin, maintaining high levels of liquidity and a conservative funding profile. We also strived to optimize our investment portfolio in the pursuit of more stable revenues.

全球金融危機餘波未了，本行的業務難免受到影響。銀行界仍然面對種種挑戰，當中最主要的是資產質素問題。2009年內，縱使各地政府採取大量的財政刺激措施和緊急低息貨幣政策，不良資產仍然大增。全球金融危機亦為財富管理模式帶來多重挑戰，當中尤為重要的是如何適切地挽回投資者的信心。

在上述情況下，本行2009年的財務表現未如理想。盈利大幅下降，主要是由於財富管理產品之需求減少、貸款減值虧損顯著增加及雷曼迷你債券事件所涉及的開支所致。因此，截至2009年12月31日止，本行的淨溢利大幅減少至2,300萬港元。

於2009年，基於金融危機及因應銀行業的基本變化，本行徹底檢討了本身的策略。在專注於銀行業的基本業務的同時，本行亦加強了風險管理能力、強化內部監控及改善服務效率。本行採取了果斷行動，以控制成本及提升營運效益來減低收入放緩所造成的負面影響。

企業金融部在市場下滑期間把握機會提升客戶檔次，並專注運用本行資本及流動資金，主力用於支援現有客戶，從而深化與客戶的關係。

財富管理部則徹底重整業務，將重心由產品銷售轉移至關注客戶需要，並更加專注於投資組合管理。本行審慎檢討及修訂所有內部程序，包括對業務夥伴的盡職檢查、產品篩選以至銷售過程，以降低風險，並符合新的規管要求。

金融市場部繼續積極強化資產負債表，以維持淨息差和高水平的流動資金，並採取保守的資金策略。金融市場部亦力爭優化投資組合，以追求更穩定的收入。

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In Consumer Finance, our focus on product development, customer management and channel expansion has contributed to the growth in our retail customer base, loans receivables and fee income.

In order to optimize management synergy and to enhance our overall corporate strength, we embarked on Project One – a journey of full integration with our parent company, Fubon Financial, during the year. The focal points were to integrate the majority of our businesses, our risk practices, information technology, human resources and MIS reporting on top of developing “state-of-the-art” standard operating procedures (“SOPs”) and applying best practices across the organization. This integration will certainly help maximize revenue and reduce costs, and give us the scale, the resources and the strong foundation needed to pursue expansion and to stave off competition. More importantly, we will become a truly integrated organization dedicated to the principles of effective management and putting the customer first. By creating greater value for our shareholders and offering better development opportunities for our people, we will forge a winning partnership with our customers, our employees and our shareholders.

Across the strait, Taiwan and China signed a Memorandum of Understanding in November 2009, opening a new era of cross-strait financial liberalization. Apart from strengthening its presence in Taiwan, Fubon Financial has also moved aggressively to extend its reach throughout Greater China and to create the most comprehensive financial services platform in the region.

As Fubon Financial's regional financial platform, the Bank played an important role in the Group's Greater China expansion strategy. In December 2008, the Bank succeeded in acquiring a 19.99% stake in Xiamen City Commercial Bank and took an active role in its management. Xiamen City Commercial Bank formally changed its name to Xiamen Bank in November 2009 as it adopted a new cross-regional focus. In the first half of 2010, Xiamen Bank is expected to set up its Fuzhou branch, its first branch outside Xiamen, where there is a high concentration of Taiwanese businesses.

此外，消費金融部專注於產品發展、客戶管理及擴大營銷網絡，為本行在零售客戶基礎、貸款應收賬額及費用收入方面的增長作出貢獻。


為增加管理上的協同效應，並增強整體企業實力，本行於年內與母公司富邦金控落實全面整合。透過Project One組織重整案，我們著眼於整合大部分業務、風險實務、資訊科技、人力資源及管理資訊匯報等範疇，同時開展制訂完備的標準作業程序，並將最佳實務典範套用於整個機構。這項整合將有助增加收入及降低成本，使本行擁有所需的規模、資源及堅實的根基，以擴展業務及應付競爭。更重要的是，本行將成為一個實質整合的金融機構，致力秉持有效管理的原則，依客戶為導向，透過為股東創造更大的價值及為員工提供更佳的發展機會，達到客戶、員工及股東三贏的局面。

海峽兩岸於2009年11月簽訂了監理備忘錄後，兩岸金融開放展開新頁。除加強台灣本土的業務外，富邦金控亦積極擴展於大中華地區的據點，銳意在區內打造更完整的金融服務平台。

作為富邦金控的區域性金融平台，本行在集團於大中華地區佈局的發展策略中發揮重要作用。2008年12月，本行成功收購廈門市商業銀行的19.99%股權，並積極參與其管理工作。廈門市商業銀行於2009年11月正式更名為廈門銀行後，採取新的跨區域經營方針，並將於2010年上半年，在眾多台商匯聚的福州開設於廈門以外的首家分行。

In December 2009, we made another major breakthrough with the establishment of a representative office in Dongguan, after receiving approval from the China Banking Regulatory Commission in September 2009. It is the first representative office established by a Taiwanese-invested bank in Dongguan, which has big manufacturing clusters from Taiwan and Hong Kong. It also represents an important step in Fubon Financial's branch strategy in Mainland China.

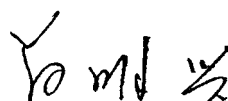
Looking ahead to 2010, while we note that the operating environment for banks have strengthened starting in the second half of 2009, global economies and markets are still fragile and the policy-making environment continues to be complicated. Concerns have shifted away from potential bad loans arising from severe recessions to concerns over asset price bubbles. The Bank remains alert to further challenges in the operating environment and will adopt a growth-yet-prudent strategy to capture market potential while minimizing risks and costs. The integration with Fubon Financial, allied with our strong levels of capital and liquidity, as well as the support from robust risk management policies, procedures and culture, have placed the Bank in a favourable position to expand our banking franchise and exploit further growth opportunities in the Greater China region.



Ming-Hsing (Richard) TSAI
Chairman
March 2010

我們於2009年作出另一項重要突破。2009年9月本行獲中國銀行業監督管理委員會批准於東莞設立代表處後，代表處於12月正式設立，令本行成為首家在台灣及香港廠商群聚的東莞地區設立代表處的台資銀行。東莞代表處的設立，標誌著富邦金控實現於大陸開設分行策略的一個重要里程碑。

展望2010年，本行留意到銀行的經營環境自2009年下半年起開始好轉，然而全球經濟及市場仍然脆弱，而政策制定之環境越趨複雜。市場的關注焦點已由嚴重經濟衰退引致的潛在壞賬，轉移至資產價格泡沫。本行對經營環境的未來挑戰保持警覺，並將採取穩中求進的策略，在將風險及成本減至最低的情況下，把握市場發展商機。本行與富邦金控之整合所帶來的營運綜效，加上本身雄厚的資本、充裕的流動資金，及健全的風險管理政策、程序及文化，令本行處於有利位置，在擴展銀行業務之餘，更進一步把握在大中華地區的發展機會。



蔡明興
主席
二零一零年三月