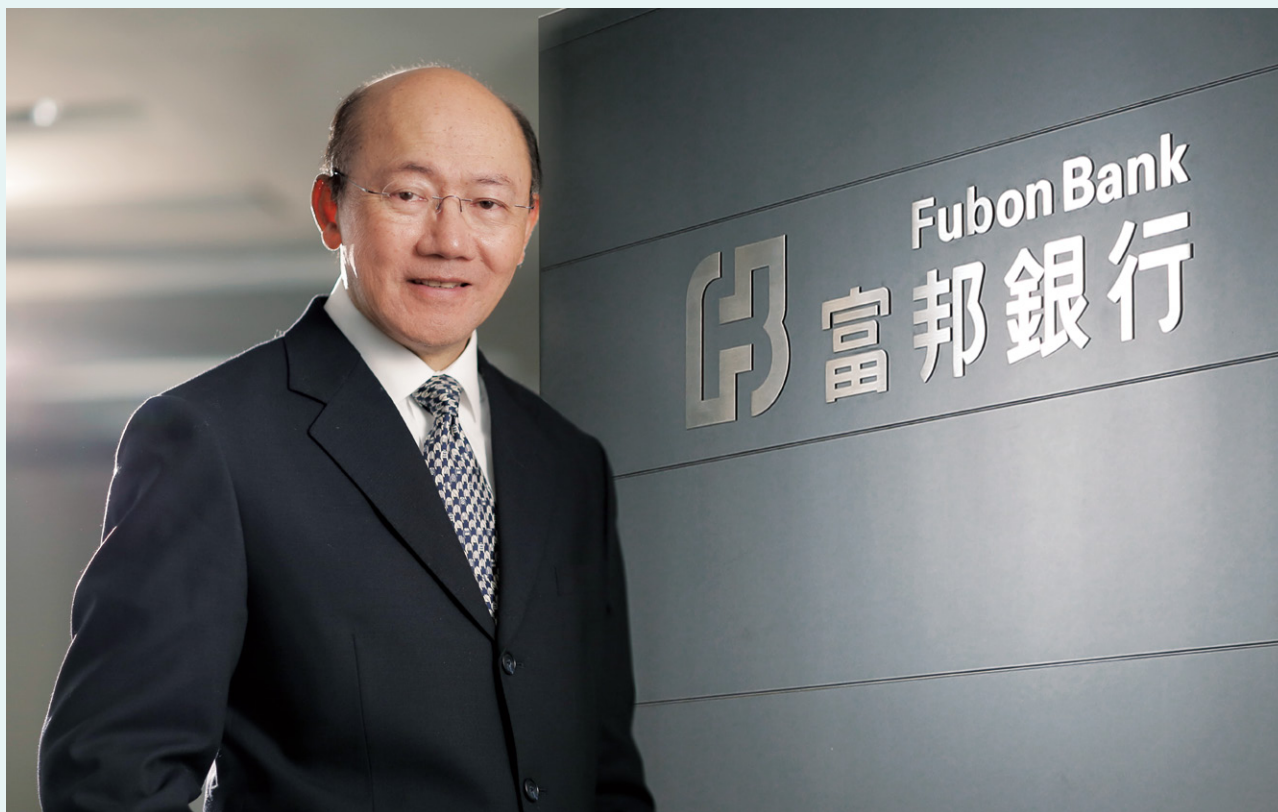


Chief Executive's Report 行政總裁報告



2012 was a challenging year for the Hong Kong banking industry, affected by unusually high levels of uncertainty and volatility in the global economy. The financial market was lackluster amid weak investment sentiment in mid-2012. Locally, consumer spending continued to rise due to an increase in Mainland tourists, while the stock market showed clear signs of recovery towards year-end. The property market was bolstered by the persistent low interest rate and achieved new heights in valuation causing the Hong Kong Government to introduce a number of measures to cool it down.

Despite the volatile market situation in 2012, Fubon Bank (Hong Kong) Limited ("the Bank") and its subsidiaries ("the Group") responded well to the challenges and registered a net profit of HK\$309 million for the financial year ended 31 December 2012, represented an increase of 10% compared to 2011. The Group's operating profit, before impairment allowances, registered a year-on-year increase of 51% to HK\$203 million for 2012.

2012年，全球經濟充斥不明朗因素、市況波動不定，令香港銀行業經歷重重挑戰。同時，於2012年年中，投資氣氛低迷，金融市場的表現乏善可陳。不過，在本地市場方面，來港內地旅客人數增加，帶動消費開支繼續上升，而股票市場則於年底出現明顯的復甦跡象。物業市場受到持續低息環境的支持，物業估值亦屢創新高，香港政府因而推出多項措施為樓市降溫。

儘管2012年市場環境波動，富邦銀行（香港）有限公司（「本行」）及其附屬公司（「本集團」）仍能妥善應對挑戰，截至2012年12月31日止錄得的淨溢利為3.09億港元，較2011年的淨溢利上升10%。本集團2012年未計減值撥備前的經營溢利按年錄得51%的升幅至2.03億港元。

Net interest income increased 3% to HK\$657 million. Better asset yields, especially from increased mortgage and corporate loans, outweighed the higher interest expenses resulting from increased customer deposits. Net interest margin widened by 8 basis points to 1.17%, attributed to the easing of deposit costs after having reached an apex in January 2012.

Non-interest income decreased 22% to HK\$334 million in 2012 compared with 2011, which included recoveries from collateral of Lehman Brothers Minibonds ("Minibonds"). Excluding this, the non-interest income would have increased by 14% due to a lower revaluation loss on financial instruments and a steady growth in fee income from credit card and insurance services. This was despite the lower credit-related and securities brokerage fees registered in 2012. Excluding the non-recurring recovery in 2011, the ratio of non-interest income to total operating income increased from 31.59% to 33.72%.

During the year, the Bank initiated various measures to control costs. It implemented office space rationalization and in-house information technology transformation projects. Legal costs also reduced markedly, due to the absence of expenses incurred on one-off projects; some one-off project expenses were incurred in 2011, including those related to the privatization of the Bank in June 2011.

Operating expenses in 2012 were down by 15% compared with 2011. To some degree, the huge drop was attributed to payments made to the Minibonds investors in 2011. However, after excluding those non-recurring payments, the operating expenses in 2011 were HK\$826 million, and the operating expenses in 2012 were still 5% lower at HK\$788 million.

We adhered to a prudent credit policy and robust risk management to safeguard asset quality. This was reflected in the continual write-back of impairment losses on advances to customers during the year. In 2012, the amount of write-back was HK\$39 million; in 2011 the amount was HK\$81 million. Other impairment charges were also reduced by 88% to HK\$4 million for 2012. The impaired loans ratio dropped to 0.05% compared to 0.33% as of 31 December 2011.

淨利息收入上升3%至6.57億港元。更高的資產收益，尤其由按揭及企業貸款利率上升所帶動的利息收入，抵銷了因客戶存款增長而引致之較高利息支出。與此同時，由於存款成本於2012年1月到達高位後放緩，淨息差上調8個基點至1.17%。

2012年的非利息收入為3.34億港元，較2011年下降22%，這主要因為2011年的非利息收入包括了已取回雷曼兄弟迷你債券（「迷你債券」）的抵押品回收款項。若撇除此特殊收益，在金融工具之重估淨虧損下降、信用卡和保險服務之費用收入穩定增長的情況下，儘管信貸及證券經紀佣金減少，實際非利息收入仍增加14%。撇除2011年的特殊收益，非利息收入對總營運收入比率由31.59%上升至33.72%。

年內本行推行了多項成本監控措施，包括把辦事處重新整合及提升資訊科技的內部自主能力等項目。由於省却了一次性的項目支出，法律費用亦大幅下降；而2011年則有若干一次性的項目支出，包括2011年6月本行被私有化而引致的相關支出。

2012年的營運支出較2011年下跌15%。在一定程度上，這大幅度的下跌是由於2011年需支付迷你債券投資者的抵押品回收款項。若不計及此特殊支出，2011年的營運支出為8.26億港元，而2012年的營運支出則為7.88億港元，仍較2011年減少5%。

我們落實執行穩健的信貸政策及健全的風險管理，以鞏固資產質素。客戶貸款之減值虧損於年內持續作出回撥。2012年客戶貸款之減值虧損回撥為3,900萬港元，2011年則為8,100萬港元。2012年全年的其他減值虧損下降88%至400萬港元。減值貸款比率由2011年12月31日的0.33%進一步下降至0.05%。

Benefiting from the strong performance of Xiamen Bank Co., Ltd ("Xiamen Bank"), the Group's share of its profits attained a record high of HK\$115 million, an increase of HK\$24 million or 26% over the profits recorded in 2011. In August 2012, the Bank fully subscribed to its allotted 60,029,970 newly issued ordinary shares ("Rights Shares") in Xiamen Bank in a rights issue exercise, to maintain its 19.99% shareholding interest. The consideration for the Rights Shares, amounting to RMB210,104,895, was financed from the Group's internal surplus funds.

After accounting for impairment charges, other gains and the tax charge, net profits after taxation stood at HK\$309 million. Return on average assets advanced from 0.46% to 0.50%, but return on average equity decreased from 5.53% to 4.85% when compared with 2011. The decrease in return on average equity was due to the substantially higher average equity resulting from the revaluation of premises in 2012.

Total assets were HK\$63 billion as of 31 December 2012, an increase of 4% from 2011. Gross advances to customers decreased 6% year-on-year for 2012 as a result of the refocusing of the Bank's geographic coverage of the Mainland market. However, with the completion of this exercise, we expect the Bank's loan book will return to a growth situation. Deposits from customers remained steady at HK\$44 billion in the first half of 2012 and rose 5% to HK\$46 billion as of 31 December 2012. The loan-to-deposit ratio dropped from 71.29% to 66.57% as of 31 December 2012.

The Group maintained strong capital and liquidity positions. Both the consolidated capital adequacy ratio and core capital adequacy ratio were at comfortable levels of 16.71% and 12.13% respectively, compared with 15.89% and 8.54% at 31 December 2011. The average liquidity ratio for 2012 of 53.96% was well above the statutory requirement and allowed the Bank greater flexibility in managing its investments.

受惠於廈門銀行股份有限公司（「廈門銀行」）強勁的業績表現，本集團應佔溢利錄得迄今最高的1.15億港元，較2011年增長2,400萬港元或26%。本行於2012年8月向廈門銀行全數認購獲分配之供股股份共60,029,970股，以維持本行於該行19.99%的股份權益，而供股之價款210,104,895元人民幣則從本集團的內部盈餘資金撥付。

計及減值虧損、其他收益及稅項，本集團除稅後淨溢利為3.09億港元。與2011年比較，平均資產回報率由0.46%上升至0.50%，平均股本回報率則由5.53%下降至4.85%。平均股本回報率下降，是由於本集團於2012年為物業重新估值，令股本平均值大幅上升。

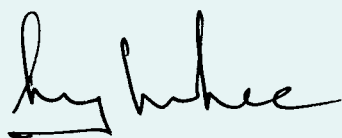
截至2012年12月31日止，總資產為630億港元，較2011年上升4%。由於本行調整在內地市場的部署，2012年的客戶貸款總額按年下跌6%。然而，調整完成後，本行預期貸款組合將會重拾升軌。客戶存款於2012年上半年維持在440億港元，其後增加5%至2012年12月31日的460億港元。貸存比率則由71.29%下降至2012年12月31日的66.57%。

本集團持續保持充裕的資本及流動資金。綜合資本充足比率及核心資本充足比率分別為16.71%及12.13%，對比截至2011年12月31日則分別為15.89%及8.54%。2012年平均流動資金比率為53.96%，這不但較法定要求為高，也讓我們能彈性地管理本行的投資。

To further strengthen the Tier 1 capital and to allow for future growth, in August 2012, the Bank issued 199,328,916 new Ordinary Shares of HK\$1.00 each, which were allotted to Fubon Financial at HK\$5.20 per share. The proceeds were used to complete the repurchase of 1,156,586,517 or 98.67% of its Cumulative Irredeemable Preference Shares of USD0.10237 each from its parent company, Fubon Financial.

Looking ahead, the implementation of various measures by the Hong Kong SAR Government should further safeguard the local market stability and uphold the operation soundness of local financial institutions. While this will bring more challenges to the banking industry in Hong Kong, it will create a better and safer environment not just for the industry, but also for the general public who relies heavily on the banks for their financial and investment services. The management team will endeavour to ensure that the Bank will comply with all regulatory requirements and conform to the industry's best practices. Through these processes, we will provide our customers with safe, reliable, and high quality services to meet their banking needs. As a socially responsible institution, we will also ensure that we continue to contribute to the local community to make Hong Kong a better home for all of its residents.

I personally believe that there are ample opportunities for the Bank amid the strengthening of Hong Kong's economy and adjacent economies. Our management team's commitment to our stakeholders is to further consolidate our business foundation, capture opportunities and deliver growth as we continue to develop our franchise in Hong Kong.



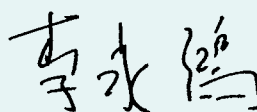
Raymond Lee

Chief Executive Officer and Managing Director
March 2013

為進一步加強一級資本及配合未來增長，本行於2012年8月發行199,328,916股每股面值1港元之新普通股，並以每股5.20港元配售予母公司富邦金控，所得款項已用以向富邦金控回購1,156,586,517股或98.67%每股面值0.10237美元之不可贖回累積無投票權優先股。

展望未來，由香港特別行政區政府推出的多項措施應有助確保本地市場的穩定性，並維持本地金融機構的營運穩健性。儘管這些措施將為銀行業帶來更多挑戰，但同時亦會為銀行業以及高度依賴銀行提供金融及投資服務的民眾，締造更美好、更安全的環境。我們的管理團隊將致力確保本行遵守所有監管規定，並符合業界的最佳實踐模式。我們將透過這些流程，提供安全可靠、質素超卓的銀行服務，以切合客戶的需要。作為一個對社會負責任的機構，我們亦將繼續為本地社群作出貢獻，為香港市民締造更美好的家園。

本人深信，隨著香港及鄰近地區的經濟發展不斷增強，本行將享有豐富商機。在持續拓展本港業務的同時，本行管理層向相關人士承諾將進一步鞏固業務根基、把握眼前機遇，並推動業務增長。



李永鴻

行政總裁兼董事總經理
二零一三年三月