

# Chief Executive's Report

## 行政總裁報告



By any measurement, 2014 was a year of unexpected market disruption and societal volatility. For this very reason, it was an extremely challenging year for banks in Hong Kong. The United States began tapering its quantitative easing monetary policy, whilst several nations took the opposite move or cut interest rates in response to weakening economies and deflationary pressure. Domestically, the Hong Kong economy posted moderate growth in 2014 despite social disturbance and market volatility. The launch of the Shanghai-Hong Kong Stock Connect in November 2014 further strengthened Hong Kong's position as a leading offshore Renminbi centre. On the other hand, the "Occupy Central" movement raised market concerns over political uncertainties. Property prices continued to stay at historically high levels although transaction volume remained low.

整體而言，受到許多突發性事件影響，2014年可算是動盪不安的一年。因此，對香港的銀行業而言，也是極具挑戰性的一年。美國已開始退出量化寬鬆貨幣政策，但多個國家卻反其道而行或調低利率，以應對經濟弱勢及通縮壓力。本地方面，儘管社會動盪及市況波動，香港經濟於2014年仍錄得溫和增長。於2014年11月推出的滬港通，進一步鞏固了香港作為領先離岸人民幣中心的地位。另一方面，「佔領中環」運動令市場對政局的不確定因素更感關注。雖然物業市場的交投持續偏低，但香港的物業價格仍然居高不下。

Notwithstanding this challenging environment, Fubon Bank (Hong Kong) Limited ("the Bank") and its subsidiaries ("the Group") registered a net profit of HK\$481 million for the year ended 31 December 2014, representing an increase of 27% compared with 2013. The Group's operating income rose by 11% year-on-year to HK\$1,306 million while operating expenses increased by only 7%.

Net interest income amounted to HK\$842 million in 2014, an increase of 12% when compared with 2013. The improvement was driven by a 16% growth in average interest-earning assets coupled with a higher-yielding loan portfolio. We made good progress in optimizing the loan portfolio mix and delivered solid growth in our corporate and commercial lending businesses. In the process, we reduced our reliance on mortgage lending by lowering our mortgage loan from 51% of the total loans to 46%. However, keen competition for deposits during the first half of the year resulted in significantly higher deposit costs, outpacing the improvement in asset returns. The net interest margin narrowed by 4 basis points to 1.20%.

Non-interest income rose by 9% to HK\$465 million, underpinned by solid growth in fee and commission income across our core businesses. Credit related and trade finance fee income surged by 34% when compared with 2013, reflecting the solid expansion of our commercial lending business. Insurance and unit trust commission income together grew 13%, and credit card fee income continued its steady growth of the past few years. Other operating income decreased by 5%, attributed mainly to the increased revaluation loss on financial instruments. The unanticipated depreciation in Renminbi dampened customers' interest in Renminbi-denominated treasury marketing products, reducing our growth in treasury product fee income. The percentage of non-interest income to total operating income ratio was 35.56% for 2014, versus 36.16% a year ago.

Operating expenses increased by 7% to HK\$897 million and cost-to-income ratio declined by 2.93 percentage points to 68.70%. Despite the inflationary pressure over the year, we managed to cope with the needs of our growing business while keeping our operating expenses under tight control. Information technology continued to be a crucial investment area. In 2014, we completed several milestone projects including data centre relocation, disaster recovery site upgrade, and bank-wide operating system enhancement.

There was a net charge of HK\$16 million for impairment losses on advances to customers, compared with HK\$5 million in 2013. Other impairment charges remained low at HK\$10 million. The Group continued to exercise pragmatic and prudent controls on

面對具挑戰性的經營環境，富邦銀行(香港)有限公司(「本行」)及其附屬公司(「本集團」)截至2014年12月31日止的全年淨溢利為4.81億港元，較2013年的淨溢利增長27%。年內，本集團的營運收入按年上升11%至13.06億港元，營運支出則按年僅增加7%。

2014年的淨利息收入較2013年上升12%至8.42億港元，有關增幅是由於生息資產均額上升16%及較高回報的貸款組合所致。我們在優化貸款組合方面取得良好進展，企業及商業貸款業務亦穩健增長。我們降低樓宇按揭貸款在貸款組合中所佔的比例，由總貸款額的51%降至46%。然而，上半年同業之間激烈的存款業務競爭，導致存款成本大幅上升，高過資產回報的增幅，淨息差收窄4個基點至1.20%。

由於來自核心業務的費用及佣金收入獲得可觀的增幅，非利息收入上升9%至4.65億港元。與2013年比較，信貸相關及貿易融資業務的費用收入上升34%，反映商業貸款業務的穩健增長。銷售保險產品及單位信託基金之費用及佣金收入增長13%，信用卡業務的費用收入亦一如過往數年，維持穩定增幅。其他營運收入下跌5%，這主要由於本行衍生金融工具在資產重估後的損失有所增加。此外，人民幣於2014年上半年出現了意料之外的貶值，影響客戶對人民幣財資市場產品的興趣，導致財資產品收益減少。2014年非利息收入對總營運收入比率為35.56%，2013年為36.16%。

營運支出增加7%至8.97億港元，成本對收入比率下跌2.93個百分點至68.70%。儘管去年存在着通脹壓力，我們在嚴謹控制營運成本的同時，亦能配合本行業務增長的需要。資訊科技仍是本行的重要投資項目，佔整體營運支出增長主要的一環。本行於2014年完成了數個重要的資訊科技發展項目，包括搬遷數據中心、提升災難復原中心及全面升級本行的營運系統。

相對2013年錄得500萬港元的減值虧損，2014年客戶貸款之減值虧損為1,600萬港元，其他減值虧損只有1,000萬港元。本集團透過嚴謹的信貸風險管理措施，致力對資產質素採取有

asset quality through the adoption of sound credit risk management practices that resulted in a very low impaired loans ratio of 0.02% as of 31 December 2014.

Xiamen Bank Co., Ltd ("Xiamen Bank") continued to sustain its strong performance and delivered good results in 2014. The Group's share of profits from Xiamen Bank reached a record high of HK\$158 million, representing a 27% growth compared with 2013. The Bank's shareholding in Xiamen Bank was diluted from 19.99% to 17.29% after a private placement of additional share capital to a new strategic investor by Xiamen Bank on 5 June 2014. As a result of this dilution, the Bank recognized a deemed disposal gain of HK\$11 million. In July 2014, the Bank participated in Xiamen Bank's rights issue exercise and fully subscribed its allocated 57.63 million rights shares at a price of RMB3.50 per share. The Bank restored its original ownership percentage in January 2015 by acquiring additional existing shares.

After accounting for other gains, other impairment losses and income tax, the Group's profit after taxation stood at HK\$481 million, achieving the highest net profit since the financial turmoil of 2008.

Total assets rose by HK\$12 billion, or 17%, to HK\$84 billion as of 31 December 2014. We managed to achieve a 16% increase in the Group's loan portfolio in 2014 while maintaining a high quality loan book. The increase in lending was supported by an 8% year-on-year growth in customer deposits, which amounted to HK\$53 billion as of 31 December 2014. Loan to deposit ratio remained at a very comfortable level of 75.09%.

To further strengthen Tier 1 capital and to allow greater flexibility in business development within the region, the Bank issued 269,784,173 new Ordinary Shares which were fully allotted to Fubon Financial Holdings at the price of HK\$5.56 each. With the HK\$1.5 billion increase in share capital, the total capital ratio and Tier 1 capital ratio increased to 17.96% and 12.65% respectively as at 31 December 2014, compared with 16.33% and 10.44% respectively at end-December 2013. The Bank's liquidity position also remained strong, with the average liquidity ratio standing at a comfortable level of 48.56% in 2014 versus 48.06% in 2013.

While registering a solid expansion in assets in 2014, the Group continued to exercise prudent balance sheet management. Return on average assets edged up to 0.62%, compared with 0.56% in 2013. Return on average equity also rose by 0.37 percentage points to 5.18% in 2014, reflecting the Group's effective deployment of the additional capital from the parent company.

The year 2014 marked an important milestone in the history of the Group as we celebrated the 10<sup>th</sup> anniversary of becoming a member of Fubon Financial Holdings. During the year, a series of

效的監控，截至2014年12月31日止，減值貸款比率維持在0.02%的極低水平。

廈門銀行股份有限公司(「廈門銀行」)的業績表現於2014年保持強勁的增幅。本集團應佔溢利較2013年增長27%至1.58億港元。廈門銀行於2014年6月5日向一名新的策略投資者私人配售額外股本，令本行對廈門銀行之持股量由19.99%減至17.29%。有關的股本攤薄為本行帶來1,100萬港元的視作出售收益。2014年7月，廈門銀行以供股形式發行新普通股，本行以每股作價人民幣3.50元全數認購本行獲分配之57,630,000股供股股份。2015年1月，本行於收購廈門銀行之額外股份後，已回復本行原有之持股量。

計及其他收益、減值虧損及稅項，本集團除稅後淨溢利為4.81億港元，為自2008年金融風暴之後的最高淨溢利。

截至2014年12月31日止，總資產增加120億港元或17%至840億港元。在我們保持貸款質素良好的同時，本集團的貸款組合於2014年亦增長16%。截至2014年12月31日止，客戶存款按年上升8%至530億港元，以支持貸款的增長。貸存比率則維持在非常穩健的75.09%。

為進一步增強本行的一級資本及使區內的業務發展更有彈性，本行以每股5.56港元發行及配發269,784,173股新普通股予富邦金控。由於增加了15億港元的股本，截至2014年12月31日止，本行的總資本比率及一級資本比率分別上升至17.96%及12.65%，2013年12月底則分別為16.33%及10.44%。本行流動資金保持充裕，平均流動資金比率維持在48.56%的穩健水平，2013年則為48.06%。

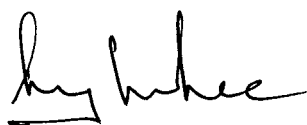
儘管資產值於2014年錄得可觀的增幅，本集團繼續採取審慎的資產管理。平均資產回報率上升至0.62%，2013年為0.56%。平均股本回報率於2014年上升0.37個百分點至5.18%，反映本集團有效地調配來自母公司的額外資本。

2014年，我們慶祝本集團成為富邦金控成員十周年紀念，標誌著本集團歷史上的一個重要里程碑。年內，我們以「富邦十年 為您向前」

celebratory anniversary activities and promotional campaigns was launched under the theme of "Serving You With Heart". In line with our plan to expand our corporate and commercial banking business, we restructured our corporate and institutional banking by strategically redeploying our marketing resources and realigning our business focuses. Under the new structure, we will be able to better serve our corporate customers with specialized staff and product offerings. In retail banking, we have upgraded our Tsuen Wan Branch to a flagship branch with the opening of the Bank's first Personal Loan Centre and a new Securities Services Centre. We will continue to carry out the revamp of our retail outlets in order to extend our banking services and improve the customer experience. We also made good progress in strengthening our banking operations by establishing a new functional unit to facilitate enterprise level project management and streamline operational workflow to improve operational efficiency. Certainly, we have laid a sound foundation for sustainable growth in this volatile business environment.

Looking ahead, we will continue to play an important role in the Fubon Group's Greater China development strategy by providing critical cross-border services to the Group's Mainland and Taiwanese customers. At the same time, we will continue to focus on expanding our local franchise by improving our service delivery capabilities. This year, we will reinforce our service proposition for affluent retail customers with the launch of a new branch design and configuration and an enhanced e-banking platform. We remain committed to our service-oriented approach of providing our customers with safe and high quality financial services and creating new banking experiences for them. As a socially responsible institution, we remain supportive to our staff by providing them with career development programmes and education sponsorship. We also maintain our commitment to the local community by supporting a wide range of corporate social responsibility programmes.

I would also like to express my gratitude to our management team and staff members for their dedication and contribution in 2014. Together we continue to maintain our commitment to service and strive to become our customers' preferred banking partner.

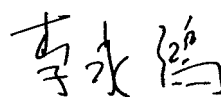


**Raymond Lee**  
Chief Executive Officer and Managing Director  
April 2015

為主題，舉辦了一系列的慶祝及推廣活動。為配合本行擴展企業及商業金融業務的計劃，我們策略性地重新調配市場推廣資源及調整業務方針，對企業及機構銀行進行重組。在新架構下，我們將透過專責員工及相關產品，為企業客戶提供更優質的服務。零售銀行方面，我們把荃灣分行提升為旗艦分行，並在該分行開設本行首間私人貸款中心及全新證券投資服務中心。我們將繼續革新零售據點以擴展銀行服務，並全面提升客戶體驗。另外，我們在強化銀行業務方面亦取得良好進展，包括成立新的部門，促進企業層面的項目管理、簡化操作流程以提高營運效率。縱然面對不穩定的經營環境，我們亦已為業務的持續增長奠下穩固基礎。

展望未來，我們將繼續在富邦集團的大中華區發展策略中發揮重要作用，為集團的中國內地及台灣客戶提供關鍵的跨境服務。同時，我們將繼續提升服務水平，加強擴展本地業務。今年，我們將推出全新的分行設計及配置，並提升網上理財服務平台，加強對富裕零售客戶的服務。我們將繼續秉持服務為本的方針，為客戶提供穩健可靠、質素超卓的金融服務，創造全新的銀行服務體驗。作為一間竭盡社會責任的機構，我們持續為員工提供事業發展計劃及教育資助。我們亦將繼續支持多項企業社會責任計劃，致力推動本地的社區發展。

我衷心感謝管理層和全體員工於2014年的辛勤工作及寶貴貢獻，讓我們繼續貫徹本集團的服務承諾，致力成為客戶首選的理財夥伴。



**李永鴻**  
行政總裁兼董事總經理  
二零一五年四月