

**BUSINESS &  
OPERATIONS  
REVIEW**  
業務回顧





# CORPORATE & INSTITUTIONAL BANKING

## 企業及機構銀行

### CORPORATE BANKING

2019 started out against a tenuous economic backdrop where tensions from the U.S.-China trade dispute along with the slowing global economy threatened to dampen business prospects. Nevertheless, the economy remained resilient until the second and third quarters when the Hong Kong economy started to waver. Notably, challenges from weak export volumes and sluggish domestic demand were compounded significantly by the onset of social instability, and the resulting impact on business and consumer sentiment slowed down lending activities across the banking industry. Notwithstanding these challenges, the Bank was able to register solid business growth as we focused on customers with strong medium-to-long term business fundamentals.

Supporting the core middle-market enterprises (“MME”) segment and expanding the small-and-medium enterprises (“SME”) business remained the key objectives of our Commercial Banking team. We continued to engage in structured marketing programmes to reach new customers while leveraging our cross-selling mechanism, including alliances with other Fubon Group members, to deepen our penetration and relationships with existing customers.

Meanwhile, extending exceptional service to first and second-tier large corporations in Hong Kong remained the centerpiece of our growth strategy for Corporate Banking team. Active participation in the primary and secondary syndication markets also allowed us to quickly respond to both opportunities and risks while maintaining a nimble and well-diversified portfolio. To maintain a balanced business model, we also have a sizable Non-bank Financial Institutions (“NBF”) book which not only contributes to operating results, but also demonstrates our strong product suite and ability to cater for a wide range of customer segments.

Revenue from corporate customers reported a strong growth of 23% when compared with 2018. The growth was mainly spurred by the impressive performance of our core drivers including solid increases in loans and deposits in 2019. Net interest income and credit fee income registered double-digit increases, due to higher loans outstanding and modest gains in spreads. Our marketing strategy to focus on fee income generation has also produced satisfactory results. Furthermore, sound credit risk management was crucial to our success, particularly in light of the persistent volatile market situation.

### 企業金融

2019年在疲弱的經濟環境下起步，中美貿易糾紛帶來緊張的局勢，加上全球經濟放緩，令商業前景蒙上陰霾。強韌的香港經濟於第二及第三季開始不穩。社會的動盪亦令疲弱的出口及不振的本地需求倍受挑戰，受影響的營商者及消費者情緒令銀行業的借貸業務放緩。儘管挑戰重重，憑藉本行專注於擁有強大中長線業務基礎的客戶，我們仍然取得穩健的業務增長。

支援中型企業及擴大本行中小企業業務仍然是我們商業銀行團隊的主要目標。我們繼續以結構性營銷計劃吸納新客戶，並運用交叉銷售策略，包括與富邦集團其他成員合作，以提高滲透率及深化與現有客戶的關係。

與此同時，將本行的卓越服務伸延至香港一、二線大企業仍然是我們企業銀行團隊的核心增長策略。我們積極參與一級及二級銀團貸款市場，迅速把握機遇及應對風險，同時維持靈活及多元化的組合。為維持平衡的業務模式，我們亦擁有具規模的非銀行金融機構客戶群，此舉不僅為經營業績作出貢獻，亦展示我們強大的產品組合及能夠為各種客戶提供服務的能力。

與2018年相比，來自企業客戶的收入激增23%。此增長主要受核心業務的卓越表現所帶動，包括2019年穩步增長的貸款及存款業務。由於未償還貸款上升及溫和上調的息差，淨利息收入及信貸費用收入亦錄得雙位數的增長。本行專注於費用收入的營銷策略亦取得滿意成果。此外，在動盪不斷的市況下，我們穩健的信貸風險管理對我們的成功亦是一個關鍵因素。

The Bank's corporate e-banking platform, Fubon Business Online, will receive further enhancement in 2020, and services such as online account opening and online application will also be rolled out. With our full-scale cash management e-banking services which provides customers with the latest Fintech tools, we will be able to deliver the exceptional "Fubon Experience".

## CHINA COVERAGE

Although China's economy was impacted by slowing economic growth and the U.S.-China trade dispute, cross-border import/export trade remained reasonably stable. Against this backdrop, there was still ample demand for loans particularly in the real-estate and NBFIs sectors. Furthermore, the Bank continued to diversify our loan portfolio by expanding our marketing efforts to State-Owned-Enterprises and government-backed entities, as well as companies across other industries which have proven track records. Leveraging on Fubon Group's unique status of being the only Taiwanese financial institution with subsidiaries in Mainland China, Taiwan, and Hong Kong, we will continue to provide comprehensive and wide-ranging cross-border banking services to our customers in trade-related and general banking service areas through cooperation with Fubon Bank (China) and Xiamen Bank.

## FINANCIAL INSTITUTIONS

Our Financial Institutions ("FI") team plays an important role as a prime contact point with other banks and NBFIs for business referrals while simultaneously providing credit and risk management support to facilitate the Bank's investment and loan activities. Moreover, the FI team contributed to the diversification of the Bank's deposit portfolio by taking deposits from NBFIs.

Looking forward to 2020, our FI team will continue to stay alert to the market trends and develop more NBFIs relationships in order to expand the Bank's deposit base and explore new cooperation opportunities. Also, we will reallocate our resources and strengthen the alliances within the Bank and the Fubon Group to support business growth of the Bank.

Looking ahead, the outbreak of the novel coronavirus (COVID-19), the lingering impact of social unrest in Hong Kong, and the elusive U.S.-China trade deal will cause formidable headwinds for our business. Nevertheless, we will closely monitor the market developments and stay focused on building our high-quality and well-diversified loan portfolio. We remain confident in logging modest growth as we focus on customers with good and sustainable track records, and those who are capable of riding out the temporary economic storms.

本行將於2020年進一步提升企業電子銀行系統「富邦商務網」，並將會推出網上開戶及網上申請等服務。憑藉本行具備最新金融科技工具的現金管理電子銀行服務，我們將可以為客戶提供卓越的「富邦體驗」。

## 中國業務

儘管中國的經濟受增長放緩以及中美貿易糾紛影響，但跨境進出口貿易仍然穩健。在此環境下，貸款需求仍然充裕，尤其是地產及非銀行金融機構。本行繼續透過提升對國有企業、受政府支持的企業以及具有良好往績紀錄的各類公司進行營銷，令貸款組合更多元化。憑藉富邦集團作為唯一在中國內地、台灣及香港設有附屬公司的台灣金融機構，我們將繼續透過與富邦華一銀行及廈門銀行的合作，為客戶在貿易相關及一般銀行服務方面提供全面且多元化的跨境銀行服務。

## 金融機構業務

我們的金融機構團隊在向其他銀行及非銀行金融機構提供業務轉介方面擔當重要角色，並同時為本行的投資及貸款活動提供信貸及風險管理支援。此外，金融機構團隊透過接受非銀行金融機構的存款，令本行的存款組合更多元化。

展望2020年，我們的金融機構團隊將繼續在瞬息萬變的市場動向中保持警覺，並深化與非銀行金融機構的關係，從而擴闊本行的存款基礎及開拓新的合作機會。此外，我們將會重新分配資源及加強本行與其他富邦集團成員的關係，以維持本行的業務增長。

展望未來，新型冠狀病毒爆發、香港社會動盪的影響揮之不去，以及中美貿易協議前景未明，將為本行的業務帶來巨大阻力。儘管如此，我們會密切關注市場的發展，並繼續專注增強我們高質素且多元化的貸款組合。我們亦會專注於具持續良好紀錄的客戶，並深信他們可以克服短暫的經濟風暴，故我們對業務仍可維持溫和增長抱有信心。

# RETAIL BANKING

## 零售銀行

### CONSUMER FINANCE

Introduction of new technologies enables the Bank to enhance its credit card products at a much faster pace. To allow more customers to enjoy the convenience of contactless payment, we pushed forward our credit card renewal process so that customers would receive new cards with contactless features before their credit cards expired. In addition, the Bank is one of the few credit card issuers that accepts credit card payment via the Faster Payment System. This ultra-fast and convenient channel facilitates timely management of personal finance. To be in line with today's customer spending habits, we kept soliciting online merchants to satisfy the appetite of the internet generation by focusing on travel-related privileges to reinforce our award-winning "Travel Companion" credit card platform.

Along with our conventional marketing strategy, the Bank carried out a series of infrastructure improvement projects in 2019 to strengthen our service platform, such as Open API promoting smart banking and TIN verification for our Phone Banking service. Although new customer acquisition campaigns and merchant promotions were held continuously in 2019, the credit card industry suffered from the unstable market situation in the second half of the year with shrinkage in both card spending and new application volume. Nevertheless, we were able to maintain a healthy and stable credit card portfolio.

Our existing customers continued to be the focus of the Bank's unsecured lending business as we had a better understanding of their financial needs and behaviour. Throughout the year, our card loan programme with privileged handling fee offers was available to provide our credit cardholders with instant cash by utilizing their unused credit card limit. At the same time, various personal loan campaigns were rolled out to meet the different financial needs of our customers. Our sound underwriting policy established a healthy unsecured loan portfolio with the net charge-off ratio dropping by 30% when compared with 2018. As online applications are anticipated to be the mainstream method in the coming years, we have made significant investment in improving our e-Application platform. We are well-prepared to compete with other industry players, virtual banks in particular, that have gone in the same direction.

### 消費金融

新科技的引入，令本行得以更迅速提升我們的信用卡產品。為了讓更多客戶可享用非接觸式付款的便利，我們推前了換領信用卡的流程，讓客戶可在信用卡有效期屆滿之前獲得備有非接觸式功能的新卡。此外，本行是少數可透過「轉數快」系統接受信用卡付款的信用卡發卡機構之一。此快速便捷的渠道有助客戶適時處理個人財務。為配合現今客戶的消費習慣，我們一直尋求網上商戶提供與旅遊相關的尊屬禮遇，強化我們屢獲殊榮的「旅遊夥伴」信用卡平台，以滿足互聯網世代的需求。

除常規營銷策略外，本行在2019年開展了一連串優化基礎設施的項目以強化我們的服務平台，例如：為推動智能理財而建立開放應用程式介面以及就電話理財提供私人密碼驗證。儘管我們在2019年持續進行吸納新客戶計劃及商戶推廣活動，惟下半年的不穩市況令信用卡消費及信用卡申請量均有所萎縮。然而，我們仍然能夠維持穩健的信用卡客戶群。

由於我們比較了解現有客戶的財務需求及行為，他們仍然是本行無抵押貸款業務的重點客戶。我們全年不斷為信用卡客戶提供特惠手續費的信用卡貸款計劃，讓信用卡持卡人運用未使用的信貸額即時提取現金。與此同時，我們亦推出各類私人貸款計劃，以滿足客戶的不同財務需要。我們完善的信貸審批政策建立了穩健的無抵押貸款組合，淨撇賬率較2018年下降30%。由於預期網上申請將成為未來數年的主流，我們已投放大量資源改進網上申請平台，為與其他行業參與者（尤其是虛擬銀行）的競爭作充足準備。

The Bank's merchant acquiring business continued to deliver excellent performance despite the rapidly changing market environment. The evolution of payment technology has made payment much easier and convenient to customers. To maintain our competitiveness, we have bundled our services with the latest technology for acquisition and retention of merchant customers. In addition to technical support, our Merchant Receivables Financing also enables retail merchant customers to fulfill their expansion plan and other business needs. During the year, the volume of applications for Merchant Receivables Financing remained steady.

The volume of property transactions went through major ups and downs in 2019. In May 2019, over 10,000 transactions were recorded while the number dropped below 4,000 in December 2019. While such fluctuations inevitably affected the intake of mortgage applications, the unstable market situation in the second half of 2019 further discouraged home buyers from entering the market. Meanwhile, our strategic manoeuvre to move from conventional mortgage loans to non-conventional mortgage loans paved way to improve our overall mortgage loan portfolio return. This unique market positioning is likely to continue in 2020 as we anticipate interest rates will be maintained at historical low levels and mortgage loan demand may not have a major rebound under uncertain market conditions.

## CHANNEL MANAGEMENT

The Bank successfully completed its Core Banking System Replacement Project in April 2019 and our staff were well-trained and equipped to provide our customers with timely and efficient banking services. In an era of Fintech, digital and physical channels are complementary. While physical branches enable the Bank to stay connected with our target customers, digitization improves our work efficiency. Meanwhile, the rationalization of our branch network was also underway. Our Taikoo Shing Branch and Kowloon Main Branch were merged into the North Point Branch and Mongkok Branch, respectively. To further enhance our banking services and to deliver a better in-branch experience, the Bank will continue to realign its branch network and identify potential locations for establishing mega branches with enhanced staffing and digital platforms.

儘管市場環境瞬息萬變，本行的信用卡商戶業務仍繼續取得佳績。支付科技的發展使客戶付款更為便捷。為保持我們的競爭力，我們於服務注入最新技術，以吸納及保留客戶。除技術支援外，我們的「先享錢」信用卡商戶貸款亦滿足零售商戶的業務擴展計劃及其他業務需要，相關業務的申請量於年內維持穩定。

房地產交易量於2019年起伏不定，儘管於2019年5月錄得10,000多筆交易，但於2019年12月則跌至4,000筆以下。該等波動無可避免地影響了按揭貸款的申請數目，而2019年下半年的不穩定市況亦進一步令物業買家卻步。同時，我們策略性地從傳統抵押貸款轉向非傳統抵押貸款，提高了整體按揭貸款組合回報。由於我們預計利率將維持在歷史低位以及按揭貸款需求在不明朗的市場情況下不會大幅反彈，此獨特的市場定位或會在2020年繼續採用。

## 通路管理

本行於2019年4月已成功完成核心銀行系統更新工程，我們的員工透過接受與系統相關的培訓後，可為客戶提供適時且有效率的銀行服務。在金融科技的世代，數位化及實體分行乃相輔相成，相互裨益。分行可讓本行得以與目標客戶保持聯繫，而數位化則提高了我們的工作效率。同時，我們也整合了分行網絡。太古城分行及九龍總行已分別與北角分行及旺角分行合併。為進一步提升銀行服務及提供最佳的分行體驗，本行將繼續重整分行網絡，並為設立大型綜合分行物色地點、加強人手及提升數位化平台的配置。

## BUSINESS & OPERATIONS REVIEW

### 業務回顧

2019 was a challenging year for the Bank and the community. Apart from the imminent competition brought by virtual banks, the social unrest in the second half of 2019 disrupted businesses across the city and posed challenges to the banking industry in Hong Kong. Despite facing such a difficult situation, the Bank was able to safeguard its staff and customers, and maintain normal business operations.

In 2019, we successfully launched an online foreign exchange platform alongside an integrated API platform to deliver a seamless banking experience. Also, we participated in the Faster Payment System launched by the Hong Kong Monetary Authority and rolled out the biometric authentication Mobile Security Key Service to meet our customers' expectations. During the year, the number of customers using our digital banking services increased and our customers acknowledged that our digital banking services were secure and efficient. We will strive to provide even more efficient and secure banking services for our customers in 2020.

## INVESTMENT & INSURANCE

Apart from the uncertainties engendered by the U.S.-China trade dispute and Brexit in the U.K., prolonged social unrest in Hong Kong has further weakened market sentiment. Our customers' demand for wealth management products declined. To cope with the evolving market environment, the Bank continued to deliver products and services that catered for the risk appetite of our customers so as to mitigate market risk.

Hong Kong's social instability in 2019 posed challenges to all walks of life. As customers considered how best to weather the uncertainties and plan for retirement, whole life insurance products, annuity products in particular, became more popular than short-tenor life insurance products. In view of this, we expanded our product range by launching different whole life insurance products with regular cash coupon. As a result, our whole life insurance products accounted for approximately 70% of total sales in 2019.

對本行及社會而言，2019年是極具挑戰的一年。除了虛擬銀行帶來的競爭外，2019年下半年的社會事件亦令銀行業以至各行各業均面臨挑戰。儘管面對如此艱難的局面，本行在秉持保障員工和客戶安全的前題下，繼續維持正常的業務運作。

2019年，我們成功推出網上外幣兌換平台以及綜合應用程式介面平台，為客戶提供無縫的銀行體驗。此外，我們加入了由香港金融管理局推出的「轉數快」系統，並推出了「流動保安編碼器」服務，以滿足客戶的需求。年內，使用我們數位化銀行服務的客戶數目亦有所增加，而我們數位化銀行服務的安全性及效率亦備受客戶所肯定。2020年，我們將繼續為客戶提供更有效率且更安全的銀行服務。

## 投資及保險

除了中美貿易糾紛及英國脫歐帶來的不確定性，香港久未止息的社會動盪進一步削弱了市場情緒，客戶對理財產品的需求亦下降。為應對瞬息萬變的市場環境，本行繼續提供可滿足客戶風險偏好的产品與服務，務求減低市場風險。

2019年，香港社會的不穩定局面為各行各業帶來了挑戰。由於客戶期望可抵禦不明朗市況並為退休作好計劃，終身人壽保險產品（尤其是年金產品）比短期人壽保險產品更受歡迎。有鑑於此，我們推出了多種具有可支取現金的終身人壽保險產品，擴闊了我們的產品範圍，而我們的終身人壽保險產品於2019年佔總銷售額約70%。

However, with a suspension of sales of leading insurance products in the fourth quarter of 2019 and under a gloomy market situation, both annualized net premium and commission income from insurance business reported a slight decline when compared with 2018. It is anticipated that 2020 will be more challenging in terms of evolving customer behaviour, product variety and market competition as well as various measures and standards imposed by regulators.

## SECURITIES SERVICES

The local stock market encountered unusual challenges and volatility in 2019. During the first quarter, the Hang Seng Index dramatically rebounded due to the short truce in the U.S.-China trade dispute in December 2018. However, it reversed course in June 2019 because of the social unrest in Hong Kong. Uncertainties in the market adversely affected customers' sentiment and the securities business, which in turn led to a decrease in the Bank's trading turnover and brokerage income.

During the year, the Bank continued to deploy resources to improve its digital trading platform and expand its customer base. Promotional programmes were launched throughout the year to acquire new customers as well as to boost the usage of Internet and Mobile Stock Trading services. The result was encouraging as over 50% of transactions were conducted through Internet and Mobile Trading platforms in 2019. Also, digital marketing proved to be an effective tool to raise public awareness and capture our target customers.

In order to stay connected with our customers, our Securities Services marketing staff were assigned to selected branches to provide our customers with up-to-date market information so they had a better understanding of their investment needs and expectations. In response to increasing IPO offers in the market, IPO margin financing has been widely employed by market traders to maximize the yield from IPOs. With our competitive rates, the application of IPO margin financing showed a significant increase during the year. The commission and interest income from IPO margin financing narrowed the shortfall of commission income generated from stock trading.

The outbreak of the novel coronavirus (COVID-19) has presented additional challenges to both global and local economies. Nevertheless, the Bank is committed to its customer-centric strategy and aims to provide efficient and quality services by upgrading its stock trading platform and enhancing the features of its digital delivery channels.

然而，隨著受歡迎的保險產品於2019年第四季下架以及市場前景開始不明朗，與2018年相比，保險業務的年度淨保費收入及佣金收入均輕微下降。我們預期，因應客戶行為、產品種類變更、市場競爭以及監管機構實施的各種措施及準則，2020年將更具挑戰性。

## 證券投資服務

香港股市在2019年遇到非一般的挑戰及動盪。在第一季，由於2018年12月中美貿易糾紛暫緩，恒生指數急劇反彈。然而，形勢在2019年6月因香港社會動盪而逆轉。市場環境不明朗對客戶的情緒及證券業務均造成不利影響，繼而導致本行的交易額及經紀收入減少。

年內，本行繼續調配資源以改善其數位化交易平台，並擴大其客戶基礎。我們於年內推出了一系列推廣計劃，以吸納新客戶及促進網上及流動股票交易服務的用量。2019年，超過50%的交易乃透過網上及流動股票交易平台進行，成績令人鼓舞。此外，數位化營銷渠道亦已被認證為可提高大眾認識及吸引目標客戶的有效工具。

為了和客戶保持聯繫，我們將證券投資服務的市場營銷人員調派至指定分行，以便為客戶提供最新的市場資訊，讓客戶對其投資需要及期望有更深入的了解。為應對市場上越來越多的新股認購，市場交易商已廣泛採用新股孖展認購以盡量賺取最大的收益。憑藉我們具競爭力的價格，新股孖展認購的申請於年內顯著增加，而新股孖展認購的佣金及利息收入亦縮減了股票交易佣金收入的不足。

新型冠狀病毒爆發為全球及本地經濟帶來更多挑戰。儘管如此，本行致力採取以客為本的策略，並透過提升股票交易平台及強化數位化服務渠道，提供高效率及優質的服務。



# FINANCIAL MARKETS

## 金融市場

The financial markets in 2019 were volatile due to uncertain political and trade tensions. In January, the International Monetary Fund revised downward its global growth projections for 2019 by 0.1 percentage point relative to October 2018 to recognize the softer global growth momentum. The U.S.-China trade dispute continued with each side imposing punitive tariffs and other trade restrictions on one another's imports. Meanwhile, the Brexit-related uncertainty continuously weakened the economic outlook in the eurozone.

The U.S. Federal Reserve ("Fed") cut the Federal Funds Rate from 2.50% to 1.75% after raising it four times in 2018. As the global economy faced the worst hit since World War II combating the novel coronavirus (COVID-19), the Fed made two emergency cuts in March 2020 and probably will maintain the Federal Funds Rate at 0% to 0.25% for the remaining of 2020. In Hong Kong, most local banks cut their Prime Rates last year. On 5 November 2019, the Bank cut the Hong Kong Dollar ("HKD") Prime Rate from 5.5% to 5.375%.

## INVESTMENT PORTFOLIO

In 2019, the Bank continued to follow a prudent investment strategy. The overall credit rating of our investment portfolio remained at "A" while we maintained an appropriate diversification in terms of geography, currency and industry. The trade dispute tension, geopolitical and political risks, and curve inversion drove our portfolio yield down by 38 basis points compared with the end of 2018. In line with general growth of the Bank's overall business, our portfolio also expanded by about 9% year-on-year, and sustained an upward trend of net interest income for the year.

Looking forward to 2020, both geopolitical and political risks are expected to continue dominating the global markets. The Bank aims to mitigate the impact of a volatile interest rate market environment with effective hedging tools, and obviously the global political development is a key part of portfolio risk management in the coming year. In addition, credit risk exposure will be closely monitored by using various predictive tools and sensitivity analysis that will assist us to take timely mitigating measures in the event of market turmoil.

由於不明朗的政治及貿易緊張局勢，2019年的金融市場動盪不定。國際貨幣基金組織於1月將2019年的全球增長預測由2018年10月的水平下調0.1個百分點，確定了全球增長趨勢減弱。中美貿易糾紛持續，雙方均互相對進口產品徵收懲罰性關稅及實施其他貿易限制。同時，英國脫歐的不確定性持續削弱了歐元區的經濟前景。

美國聯邦儲備局（「聯儲局」）於2018年將聯邦基金利率上調四次後，將利率由2.50%下調至1.75%。環球經濟因新型冠狀病毒爆發而受到自第二次世界大戰後最大的重挫，聯儲局因此在2020年3月作出兩次緊急減息，預期聯邦基金利率在2020年將維持在0%至0.25%的區間。香港大部分銀行於去年調低其最優惠利率。本行於2019年11月5日亦將港元最優惠利率由5.5%調低至5.375%。

## 投資組合

2019年，本行維持審慎的投資策略。本行投資組合的整體信貸評級維持在A級，而我們亦繼續把投資適當地分配在不同的地域、貨幣及行業。與2018年年底相比，我們投資組合的收益率因貿易關係緊張、地理及政治風險以及利率收益曲線反彈而下降了38個基點。我們的投資組合按年上升約9%，且年內淨利息收入仍然維持上升趨勢，與本行整體業務的全面增長一致。

展望2020年，預期地理及政治風險將繼續影響全球市場。本行旨在透過有效的對沖工具，減輕利率市場動盪所帶來的影響。觀察全球政治形勢的發展是我們來年投資組合風險管理的關鍵。此外，我們將利用各種預測工具和敏感度分析來密切監控信貸風險，這將有助我們在動盪的市況下採取適切的緩解措施。

## FLOW INVESTMENT PRODUCT AND TREASURY MARKETING

In 2019, global economic expansion continued in the first half of the year while it lost momentum later due to the slowdown in worldwide trade flows and trade tensions between the U.S. and China. However, our Flow Investment Product team still recorded growth from various products. Our currency-linked business excelled beyond the budget by 76%, while our bond and FX margin business exceeded the budget by 4% and 11%, respectively. We will strive to continue expanding our product range to satisfy various customers' needs and risk appetites.

Corporate customers have become more cautious over long-term production base relocation and export market diversifications. Our professional Treasury Marketing Unit ("TMU") has been providing timely market information and tailor-made financial product solutions to assist our customers in addressing their currency exposures, hedging interest rate risks and capturing investment opportunities. In 2019, our TMU income exceeded the annual budget by 18%.

## FUNDING AND INTEREST INCOME

In the first quarter of 2019, the HKD exchange rate was pushed towards the weak side by carry trade activities. Since late May, it rebounded significantly driven by funding demand from market participants for sizable IPOs and by corporate demand for HKD to pay dividends near the half-year end. In the second half of 2019, the HKD traded smoothly in the USD-pegged range.

Despite that the overall economy in Hong Kong was subdued, the funding costs of the Bank were comparatively stable while maintaining a healthy liquidity maintenance ratio. The Bank's funding position remained strong and our deposits base increased by 10% to HK\$75 billion.

It is likely that 2020 will be another challenging and volatile year due to ongoing political and economic uncertainties around the world and the emergence of the novel coronavirus (COVID-19). With the support and guidance of the Bank's core values, we will ensure that our customers' interests stay at the forefront of our business activities while maintaining a risk profile that is within the parameters of our risk appetite.

## 投資產品及金融行銷

全球經濟於2019年上半年繼續擴張，惟隨後由於全球貿易流動放緩以及中美貿易緊張局勢而失去動力。然而，我們的投資產品團隊負責的各種產品仍然錄得增長。我們的貨幣掛鈎業務較預算超出76%，而債券及外匯孖展業務亦分別較預算超出4%和11%。我們將繼續致力拓展產品範圍，以滿足客戶的各種需求及風險偏好。

企業客戶對遷移長期的生產基地以及分散出口市場變得更加謹慎。我們專業的金融行銷團隊一直提供適時的市場資訊及量身定制的金融產品方案，以協助客戶應對貨幣風險、對沖利率風險及把握投資機會。2019年，我們的金融行銷業務收入比預算超出18%。

## 資金及利息收入

於2019年第一季，利差交易活動將港元匯率推向弱勢。自5月下旬以來，由於市場參與者對規模較大的新股認購融資需求以及企業對以港元派付中期股息的需求殷切，對港元需求大幅反彈。2019年下半年，港元在與美元掛鈎的區間內交易平穩。

儘管香港整體經濟低迷，惟本行的資金成本相對穩定，並維持良好的流動性維持比率。本行的資金狀況依然穩健，存款基礎亦增加10%至750億港元。

由於世界各地的政治和經濟環境不明朗以及新型冠狀病毒的出現，2020年亦可能是另一個充滿挑戰和動盪的年度。我們將依循本行的核心價值，確保在拓展業務時以客戶的利益為先，並把風險狀況維持在本行的風險承受能力之內。

# RISK MANAGEMENT & COMPLIANCE

## 風險管理及合規監控

### RISK MANAGEMENT

#### Credit Risk Management

The credit conditions in Hong Kong and Mainland China showed signs of deterioration in 2019, amidst the U.S.-China trade dispute and weakening local retail sales. In anticipation of an increasingly uncertain credit outlook, the Bank kept reviewing and adjusting its credit guidelines on a continual basis to cater for market changes and meet the latest regulatory requirements. Stress tests and portfolio analyses were performed regularly to ensure the Bank could withstand any unanticipated financial market turmoil and safeguard against asset quality deterioration.

The situation in 2020 is expected to worsen because of the novel coronavirus (COVID-19), which has severely affected the economy of the region and is spreading around the world. The Bank will further enhance its asset quality monitoring measures, and stay alert to the latest market developments that may negatively impact our loan quality. Also, the Bank continues to invest resources in digitalizing its credit process and enhancing its credit risk management system.

#### Market Risk Management

In 2019, the markets were affected by the ongoing U.S.-China trade dispute and Brexit. The U.S. Federal Reserve cut interest rates three times in an attempt to keep the longest running period of growth in U.S. history. It was believed that the rate cut was on hold unless the economy weakened significantly. The market outlook for 2020 is uncertain. The outbreak of novel coronavirus (COVID-19) and the U.S. presidential election in November will certainly give key directions on the global economy. Furthermore, the second stage of the U.S.-China trade negotiations and the rising geopolitical tensions between the U.S. and Iran are major challenges impacting the growth of global economies. The Bank will continue to closely monitor and manage the risks associated with its trading and investment activities to ensure that the associated risks are within the Bank's tolerance level.

#### Operational Risk Management

In 2019, the Bank actively managed and controlled operational risk within the target levels that were in line with its risk appetite while achieving its business objectives. To assure effectiveness, the Bank kept enriching the evaluation process of the underlying operational and system controls for new products and services. The Bank also reaped the benefits of the new Core Banking System, which strengthened its operational resilience. Business continuity plans and contingency systems were also revised and tested accordingly. Going forward, the Bank will continue to promote and maintain a sound internal control environment.

### 風險管理

#### 信貸風險管理

中美貿易糾紛及本地零售疲弱，令香港及中國內地的信貸狀況於2019年開始出現惡化的跡象。由於預期信貸前景越來越不明朗，本行將持續審視及調整信貸指引，以緊貼市場變化及符合最新的監管規定。我們定期進行壓力測試及組合分析，以確保本行可承受任何突如其來的金融市場動盪，並防止資產質素惡化。

由於新型冠狀病毒已嚴重打擊地區經濟並在全球蔓延，預計2020年的情況將進一步惡化。本行將進一步加強資產質素監控措施，並留意任何可能對我們貸款質素產生負面影響的最新市場發展。此外，本行繼續投放資源於數位化信貸流程，並提升信貸風險管理系統。

#### 市場風險管理

2019年，市場受中美貿易糾紛及英國脫歐影響。美國聯邦儲備局三度減息，以維持美國歷史上最長的經濟增長周期。除非經濟顯著衰弱，否則減息措施料將會擱置。2020年的市場前景未明。新型冠狀病毒爆發以及11月的美國總統大選無疑將影響全球經濟導向。此外，中美貿易談判的第二階段以及美伊地緣政治緊張升溫亦是影響全球經濟增長的主要挑戰。本行將繼續密切監視及管理其交易及投資活動風險，以確保本行可承受相關風險。

#### 營運風險管理

本行於2019年積極管理及控制營運風險，以期在符合我們風險偏好的調控目標水平的同時，也能達到我們的業務目標。本行持續強化專為新產品及服務而設的相關營運及系統監控的評估流程，以確保其有效性。同時，本行核心銀行系統所帶來的裨益，亦鞏固了我們營運的靈活性。我們亦檢討並測試了本行的持續業務運作計劃以及緊急應變系統。展望未來，本行將繼續提升及維持一個穩健的內部監控環境。

## COMPLIANCE

The Bank has an effective compliance framework to identify compliance risks in each business line, product and process, and to devise ways to mitigate such risks to ensure its activities are conducted in accordance with applicable laws and regulations. This framework is reviewed regularly and reported to our Board for endorsement and approval. We hold our compliance framework to high standards when carrying out business, and at all times we strive to ensure that business transactions are fair and have followed the laws and regulations. Apart from its effective compliance framework, the Bank has also promoted a strong compliance culture. With good communication among all levels of staff, transparency management, as well as the demarcation of accountability of senior management and the Board, we can continuously foster a compliance culture and embed it in all processes and controls in our organization.

To ensure the continuous enhancement of staff competency, the Bank has participated actively in the licensing regime of the Enhanced Competency Framework on Anti-Money Laundering (“AML”) and Counter-Terrorist Financing (“CFT”). All our practicing staff have met the qualification requirements of this competency framework and have been certified as AML Professionals. Our staff are committed to continuous professional development to maintain up-to-date knowledge of the latest AML/CFT risks, compliance developments, and local and international regulatory requirements and standards.

To ensure our AML risk management systems and controls are effective and flexible enough to implement the latest legal and regulatory requirements for combating Money Laundering and Terrorist Financing, the Bank has been working with selected business partners to develop a new customer risk assessment system to further enhance our customer due diligence process. This new customer due diligence system will be launched in 2020. Also rolling out in 2020 are enhancements to our transaction/activity monitoring system that will further boost the Bank’s capabilities to identify and detect suspicious transactions and activities.

Several years ago, we established a Business Compliance Department to conduct regular internal control self-assessments. This process allows us to very quickly identify weaknesses in our regulatory compliance and enables us to take timely remedial measures. Also, this Department is used as a training ground for both new and existing employees to develop their compliance awareness and culture. Staff are therefore periodically rotated both in and out of the Department. Our Business Compliance Department staff serve as a sustainable talent pool of highly qualified compliance personnel to meet the critical demand for compliance professionals in our Bank.

In 2020, we will continue to keep abreast of sound compliance and AML regulations and practices. Our Bank’s compliance culture of the Board owning responsibility individually and collectively helps to integrate good compliance controls in every process of our Bank. By providing comprehensive compliance training, application of new technology in enhancing our AML risk management systems, and cultivating a strong compliance culture, we will be able to keep abreast of new regulatory requirements and best market practices, and also AML and CFT threats. This will allow us to deliver a great experience for our customers and stakeholders throughout the evolving and challenging regulatory environment.

## 合規監控

本行有一個有效的合規框架以識別每項業務、產品及流程的合規風險，並制訂減輕該等風險的方法，以確保我們的活動符合適用的法律及規定。我們會定期檢討此框架，並匯報予董事會以供審批。在進行業務時，我們恪守合規框架，並且在任何時候均盡力確保業務交易乃公平且守法。除有效的合規框架外，本行亦積極推廣合規文化。透過各級員工之間的良好溝通、具透明度的管理以及明確劃分高級管理層與董事會的問責機制，我們可持續提倡合規文化並將其融合到機構的所有流程及監控之中。

為不斷提升本行員工的能力，我們積極參與「銀行專業資歷架構－打擊洗錢及恐怖分子資金籌集」方面的培訓。我們負責從事相關工作之員工均符合該資歷架構的要求並獲打擊洗錢的專業認證。我們的執業人員均致力於持續專業發展，以確保能掌握最新的打擊洗錢/恐怖分子資金籌集、合規監控的發展以及本地及國際監管規定和標準等方面的知識。

為確保我們的打擊洗錢風險管理系統和監控有效靈活，並足以實踐就打擊洗錢及恐怖分子資金籌集最新的法律及規定要求，本行一直與既定的業務夥伴合作，開發新的客戶風險評估系統，以進一步優化我們的客戶盡職審查流程。此新客戶盡職審查系統將於2020年推出。屆時我們的交易/活動監控系統將會有所提升，並將可進一步提升本行識別及監測可疑交易及活動的能力。

本行於數年前成立商業合規部，進行定期的內部自我監控評估，讓我們能迅速找出本行合規監控的問題，並及時採取補救措施。此外，該部門亦被用作新聘員工和現有員工的培訓基地，培育他們的合規監控意識和文化。為此，該部門員工需進行定期輪調。我們商業合規部的員工為本行高資歷合規人員的人才儲備，以滿足本行對合規專才的需求。

2020年，我們將繼續維持良好的合規及打擊洗錢的規管及工作。本行董事會具有個人及集體責任的合規文化，有助將良好的合規監控整合於本行的每個流程中。透過提供全面的合規培訓，於打擊洗錢風險管理系統中應用新技術以及培養深厚的合規文化，我們將可掌握最新的監管要求、最佳的市場常規，以及與打擊洗錢及恐怖分子資金籌集的相關最新資訊。這些將使我們能夠在多變且具挑戰性的監管環境中，為客戶和持份者提供更佳的體驗。

# INFORMATION TECHNOLOGY & OPERATIONS

## 資訊科技及營運

### INFORMATION TECHNOLOGY

The completion of the Core Banking System (“CBS”) Replacement Project in 2019 not only allows the Bank to launch new products, but also to react to market changes more effectively and in a timelier manner. We understand that Fintech has been changing the landscape of the finance industry, and so we reviewed and updated our Five-year Strategic Information Technology (“IT”) Plan in 2018 to support our business development in 2019. Some of our major initiatives included the biometric software token for e-banking services, the Faster Payment System and the Open API platform.

In 2020, we will roll out virtual banking services and plan to include the eKYC capability for both retail and corporate banking businesses. With technological improvements of our branch banking services, we will be able to provide a unique experience for our customers based on the combined advantages of virtual banking and physical banking. We aim to offer electronic and virtual banking services that will match or exceed those offered by the new virtual banks, and yet our customers will also continue to benefit from highly sophisticated branch banking services that cannot be matched by virtual banking entities.

The revised Five-year Strategic IT Plan also enhances user infrastructure through an automated Enterprise Work Flow (“EWF”) and the replacement of the remaining legacy systems. The Bank has already identified several business processes that will be deployed with EWF, including credit approval, retail loan applications and credit card applications. The use of EWF will enable the Bank to automate the entire process from the initial credit approval to renewal and disbursement, giving the Bank the necessary eKYC information to make better credit decisions and speed up the turnaround time to approve loan applications for both retail and corporate banking.

Eventually, EWF will be applied to different business units so that all business processes are automated and fully integrated with the existing document management system, turning our operations into a paperless and highly automated working environment with user-friendly delivery channels. Also, we will continuously enhance the Bank’s IT infrastructure, including cyber security and data warehousing, aiming to provide business analytics that can help us to formulate better business initiatives and programmes.

### 資訊科技

於2019年完成的核心銀行系統更新工程不但有助新產品的推出，亦讓本行能更有效及適時地回應市場變化。我們深明金融科技正在改變金融業的發展，故於2018年已審視並更新了本行五年期策略性資訊科技計劃，以支持2019年的業務發展，相關重點舉措包括為電子銀行服務推出具生物認證功能的「流動保安編碼器」、發展「轉數快」系統及開放應用程式介面平台。

2020年，我們將就零售及企業銀行推出虛擬銀行服務，並計劃加入eKYC功能。透過在分行理財服務方面作出技術上的改進，我們將能結合虛擬銀行和實體銀行的優勢，為客戶提供獨特的體驗。我們旨在提供能夠達到甚至超越新興虛擬銀行所提供的電子及虛擬銀行服務，並讓客戶可繼續享用虛擬銀行無法提供的分行理財服務。

新的五年期策略性資訊科技計劃透過自動化企業工作流程及更新舊有系統，以提升基礎設施。本行已識別若干需透過企業工作流程改進的業務程序，包括貸款審批、零售貸款申請以及信用卡申請。使用企業工作流程可讓本行將審批貸款以至續期及批出貸款的整個流程自動化，並提供所需的eKYC資料，令我們可以更有效率地作出信貸決策，加快審批零售及企業貸款的申請。

最後，企業工作流程將應用到不同的業務單位，令所有業務流程均可自動化及與現有文件管理系統完全整合，令營運環境達致無紙化及高度自動化，並為客戶提供便捷的服務渠道。此外，我們將持續提升本行的資訊科技基礎設施，包括網絡安全及數據庫，以獲取可助本行制訂更佳業務計劃的分析。

## OPERATIONS

Over the last few years, the Bank has made great efforts to promote the concept of environmental consciousness and put it into practice. A series of programmes have been implemented to nurture and reinforce the mindset of our staff. In particular, we launched a five-year paperless plan which moves the Bank towards a sustainable workplace.

In order to enhance our operational efficiency and achieve our paperless plan, we continue to regularly review and streamline the Bank's procedures to minimize manual processes and paper printing. Following the system revamp for investment products in 2017, the new CBS for deposit and loan products was launched in 2019. It has streamlined most of the operating processes and eliminated the unnecessary printing of hard copies.

Looking forward to 2020, our remittance system will be migrated to the new CBS so that both inward and outward remittances will be processed via straight through processing. The migration will further streamline procedures, eliminate manual processing and save paper. In addition, a new Application Processing System for credit approval for both corporate and retail loans will be launched to support end-to-end processing from customer applications to loan drawdowns. We anticipate that both our operational efficiency and the customer experience will be improved.

For the 13<sup>th</sup> consecutive year, the Bank has been ranked as one of the top performing banks among 500 banks in the Asian region and won the Straight Through Processing Award in 2019. The Award was presented by our USD clearing bank, the Bank of New York Mellon, in recognition of our excellent quality fund transfer operations. Upon the implementation of the new remittance system in 2020, we anticipate that our performance in achieving rate will be enhanced and we will continue to sustain our high-quality performance to deliver the exceptional "Fubon Experience" to our customers.

## 營運

過去數年，本行致力推廣環保意識，並將此付諸實行。我們實施了一連串計劃，以培養及加強員工的環保理念。我們推行了一個為期五年的無紙化計劃，讓本行未來成為可持續發展的工作場所。

為提高營運效率並實現無紙化，本行定期審視及簡化程序，以減少人工工序及紙張打印。繼2017年提升投資產品系統後，我們於2019年為存款及貸款產品推出了新的核心銀行系統。該系統簡化了大部分的操作流程，並免除了不必要的紙張打印。

展望2020年，我們的匯款系統將合併至新核心銀行系統，以便直接處理匯款進出。該合併將進一步簡化工作流程，免卻人手處理並節省紙張。此外，我們亦將推出新的企業及零售貸款信貸審批處理系統，以支援由客戶申請至提取貸款的整個流程。我們預期，營運效率及客戶體驗均會有所提升。

本行於2019年連續第13年獲本行之美元結算行紐約梅隆銀行選為亞洲區500間銀行中表現最優秀的銀行之一，並獲頒「直通式聯繫結算處理獎」，以嘉許我們卓越的資金轉賬服務。當新匯款系統於2020年推出後，預期有關服務的達標率將有所提升。我們將繼續維持優質的服務表現，為客戶帶來卓越的「富邦體驗」。

## PEOPLE DEVELOPMENT

### 人才管理及發展

In 2019, one chief aim of the Bank was to maintain a stable and well-equipped workforce to meet the needs of our business development. To do so in a competitive environment, we continued to review the Bank's remuneration packages and benefits against the prevailing market benchmarks. As a result, we enhanced staff remuneration packages and benefits during the year.

The Bank organized 329 training courses offering 729 training classes in 2019. With the advent of Fintech and other evolving technologies in the banking industry, external experts were invited to share the latest developments and use of state-of-the-art technologies and innovation in the financial industry. They covered such topics as e-Payment, Artificial Intelligence and Big Data in the Financial Industry, Innovation Insights by Peter Drucker, and Design Thinking. The training courses were much appreciated by our staff as valuable opportunities to widen their scope of knowledge and enhance their problem-solving skills at work.

In support of nurturing the next generation of Fintech talents, the Bank has an undergraduate student internship programme that provides participation in various Fintech projects in the Bank under the Fintech Career Accelerator Scheme of the Hong Kong Monetary Authority. Also, we continued our green policy by adopting more e-Learning training initiatives such as Thomson Reuters e-Learning platform for Board members, senior management and other staff of the Bank. The enhancement of the eQuiz system also saved large amounts of paper and resources.

Risk culture and risk management are our primary focus in staff development. We provided a variety of training for different levels of staff to strengthen their knowledge and understanding of the types of risks they may encounter at work. In addition, seminars on compliance-related issues were conducted to enhance staff awareness of this important area.

2019 年，本行旨在維持一個穩定且訓練有素的員工團隊，以滿足業務發展的需要。為了在競爭激烈的市場環境中達到此目標，我們根據現行的市場基準審視並優化本行員工的薪酬和福利。

本行在 2019 年舉行了 329 項培訓課程，涉及 729 個培訓班。隨著金融科技及其他技術於銀行業急速冒起，本行邀請了業界專家和我們分享金融業最新的科技發展、資訊和應用。有關分享涵蓋電子支付、金融業的人工智能和大數據、Peter Drucker 的創新見解以及設計思維等主題。員工均對相關培訓課程表示讚賞，認為有助豐富知識並提升他們在工作上的解難能力。

為培育金融科技人才，本行根據香港金融管理局的金融科技人才培育計劃設立了相關的實習計劃，讓實習生參與本行各種金融科技項目。此外，我們透過採納更多電子學習培訓計劃繼續推行綠色政策，例如推出為董事會成員、高級管理層及本行其他員工而設的湯森路透網上電子學習平台，而 eQuiz 系統的應用亦有助節省紙張及資源。

風險文化及風險管理為本行員工發展的重點。我們為不同級別的員工提供各類培訓，以加深他們對工作上可能遇到之風險的認知及理解。此外，我們亦舉辦了和合規相關的研討會，以提高員工對此重要範疇的認識。

We believe that our staff are the Bank's most important asset. Therefore, we continued to promote the wellness of our staff by arranging a variety of Lunch & Learn sessions covering medical issues and interesting programmes such as Laughing Yoga, Frosted Glass Making, Healthy Sporting and Go Green workshops. Meanwhile, our Staff Recreation Committee also helped to promote employees' physical and mental wellness by organizing various activities like the Voice of Fubon Singing Contest, Movie Night, Coffee Tasting and Thai Boxing classes. We also took advantage of our medical provider's vitality programme and over 100 staff participated in a pilot run which encouraged them to do more exercise and be more health conscious. In the face of Hong Kong's social unrest during the year, we relaunched the Employee Assistance Programme as a proactive measure to provide professional counselling services for all staff and their immediate family members under age 18 through a third-party 24-hour hotline service and with face-to-face consultations. To support and safeguard the health of our staff during the outbreak of novel coronavirus (COVID-19), we have implemented various precautionary measures, including flexible work arrangements and setting up dedicated hotlines for our staff.

During the year, the Bank received the Talent Development Award presented by The Hong Kong Institute of Bankers in recognition of its efforts to develop and nurture banking talents. Also for the eighth consecutive year, the Bank was awarded the Manpower Developer by the Employees Retraining Board ("ERB") under the ERB Manpower Developer Award Scheme.

我們認為，員工是本行最重要的資產。因此，我們繼續透過舉辦一系列午餐時段學習課程來提升員工的健康水平，課程涵蓋醫療資訊及康樂活動，包括大笑瑜伽、磨砂玻璃製作、體育活動以及綠色工作坊。同時，我們的員工康樂委員會亦舉辦了不同活動以促進員工的身心健康，包括富邦好聲音歌唱比賽、電影之夜、咖啡品嚐工作坊及泰拳課程。此外，本行有超過100名員工加入了我們醫療服務供應商為鼓勵參加者多做運動和注重健康而推出的健康程式先導計劃。面對年內香港的社會動盪情況，我們再次推出員工援助計劃，透過第三方24小時熱線電話服務為所有員工及其18歲以下的直系親屬提供專業的諮詢及面談服務。為了在新型冠狀病毒爆發期間支援及保障員工的健康，我們採取了多項預防措施，包括彈性上班安排及為員工設立特別支援熱線。

年內，本行榮獲香港銀行學會頒發人才發展獎，以表彰我們在發展及培養銀行業專才方面所作出的努力。此外，本行亦連續第八年獲僱員再培訓局嘉許為「ERB人才企業嘉許計劃」的「人才企業」。