



The market turmoil that began in the second half of 2015, triggered by the unexpected volatility of the Renminbi exchange rate, continued well into 2016. Compounded by the economic uncertainties that prevailed throughout the year, 2016 was a difficult year for the banking industry in Hong Kong. The effect of Brexit and the changes in the political landscape around the world added complications to the already fragile global economy. The pace of economic growth in Mainland China slowed last year while the real estate market and commodity prices continued to rise. Retail sales in Hong Kong declined for the third consecutive year as tourist arrivals continued to drop. Also in Hong Kong, asset yields came under great pressure as a flight to quality emerged in the lending market amid elevated market and credit concerns. As a result, competition for mortgage business heated up and the pricing for good credit quality customer declined.

受突如其來的人民幣匯率波動影響，市場自2015年下半年開始出現動盪，於2016年仍持續不穩。由於2016年充斥著不明朗的因素，香港銀行業舉步維艱。隨著英國脫歐及世界各地政治局勢有所改變，令本來脆弱的全球經濟增添更多變數。去年中國內地經濟增長步伐放緩，房地產市場及商品價格持續上漲。訪港旅客人次持續減少，導致零售業銷貨額連續第三年下跌。市場及信用風險憂慮加重，借貸市場出現安全投資轉移，對香港資產收益構成龐大壓力，導致按揭業務競爭加劇以及給予信用質素良好之客戶的息率下跌。

Despite the increasingly challenging operating environment, Fubon Bank (Hong Kong) Limited ("the Bank") and its subsidiaries ("the Group") reported a net profit of HK\$635 million for the year ended 31 December 2016, representing an increase of 22% as compared with 2015. Return on average equity increased from 4.92% to 5.72% and return on average assets increased from 0.60% to 0.68%.

Net interest income increased by 9% to HK\$1,169 million, driven by both the widening of net interest margin and the growth in average interest-earning assets. Net interest margin widened by 5 basis points to 1.45%. The increase was attributable to a decrease in deposit costs coupled with continued yield improvement in the loan portfolio. Average interest-earning assets grew by 5%, mainly underpinned by the expanding debt securities investment portfolio.

Net fee income increased by 3% to HK\$364 million while total non-interest income, which included other operating income of HK\$57 million, decreased by 2% to HK\$421 million. As a result, the percentage of total non-interest income to total operating income declined to 26.5%, compared with 28.6% in 2015. Compared to the previous year, treasury products fee income contracted by more than half, mainly due to the diminished demand for Renminbi-related structured products from corporate customers because of the continued expectation of the depreciation of the Renminbi against the US Dollar. Securities brokerage and investment services income was impacted by significant turnover shrinkage in the stock market and declined by 36%. Despite the challenging market conditions, insurance services income achieved a notable growth of 40%. Last year, the Group also entered into a partnership with Fubon Life Hong Kong to broaden the range of insurance products and services we offer to our customers.

Operating expenses decreased by 7% to HK\$957 million. Excluding a provision of HK\$100 million made in 2015 against a 2002 lawsuit involving a transaction that originated in 1998, operating expenses would have increased by 3%. Cost-to-income ratio decreased to 60.2%, compared with the adjusted ratio of 61.6% in 2015. Premises costs, excluding depreciation, increased by 23%, due mainly to the improvement work to Fubon Bank Building. However, despite the increase in premises costs, the Group's effective tight cost control measures resulted in only a mild growth in total expenses.

The unfavourable credit environment that started in 2015 continued into 2016. Net impairment losses amounted to HK\$203 million, which included a loan impairment provision of HK\$224 million, offset by a write-back of impairment losses on other assets totaling HK\$21 million. This was mainly due to the disposal of the remaining fully impaired structured investment vehicles held by the Bank. As of 31 December 2016, the impaired loan ratio was 0.77%, with a coverage ratio of over 80%.

儘管經營環境面對的挑戰日增，富邦銀行(香港)有限公司(「本行」)及其附屬公司(「本集團」)截至2016年12月31日止的全年淨溢利為6.35億港元，較2015年增長22%。平均股本回報率由4.92%上升至5.72%，平均資產回報率則由0.60%上升至0.68%。

淨利息收入上升9%至11.69億港元，有關增幅主要是因淨息差擴闊及生息資產均額增長所致。由於存款成本下降，以及提高貸款組合的收益率進展持續良好，淨息差擴闊5個基點至1.45%。債務證券的投資額增加令生息資產均額上升5%。

淨費用收入增加3%至3.64億港元，總非利息收入減少2%至4.21億港元(當中包括其他營運收入5,700萬港元)。2016年的總非利息收入對總營運收入比率由2015年的28.6%下降至26.5%。與去年比較，人民幣兌美元貶值的預期持續，企業客戶對人民幣相關的結構性產品的需求降低，導致財資產品費用收入較去年減少逾半。股票市場成交顯著縮減，影響證券經紀及投資服務收入下跌36%。雖然市場環境充滿挑戰，但保險業務收入仍錄得40%的大幅增長。本集團於去年與香港富邦人壽簽訂合作協議，為客戶提供更多元化的保險產品和服務。

營運支出減少7%至9.57億港元。撇除為一宗涉及於1998年進行之交易、並在2002年對本行提出訴訟而於2015年作出之1億港元撥備，營運支出上升3%。成本對收入比率為60.2%，而2015年調整後之比率為61.6%。物業成本(撇除折舊)上升23%，主要由於本集團於富邦銀行大廈進行了改善工程。雖然物業成本有所增加，但本集團嚴謹控制成本的措施持之有效，令總支出僅溫和增長。

2015年不景氣的信貸環境，於2016年仍然持續。淨減值虧損為2.03億港元，當中主要包括為客戶貸款之減值虧損而作出2.24億港元的淨撥備。部分減值虧損被其他資產減值虧損之回撥合計2,100萬港元所抵銷，主要來自本行出售餘下已全數減值的結構性投資工具。截至2016年12月31日止，減值貸款比率為0.77%，減值貸款覆蓋率超過80%。

For other non-operating income, Xiamen Bank Co., Ltd sustained its growth momentum and delivered satisfactory results with the Group's share of profits amounted to HK\$225 million, representing a year-on-year increase of 9%. In addition, the Group disposed its investment in Vietnam and recognized a gain of HK\$48 million in 2016.

The Group's total assets rose by HK\$5 billion, or 5%, to HK\$96 billion as of 31 December 2016. Gross advances to customers increased by 2% to HK\$44 billion, wherein the growth was constrained by the sluggish market environment. Customer deposits increased at a faster pace of 9% to HK\$64 billion, aligning with the Group's strategy of maintaining a solid deposit base in times of uncertainty. Taking into account the trade bills and certificates of deposit issued by the Bank, the loan-to-deposit ratio decreased from 69.4% at 31 December 2015 to 64.8% at 31 December 2016.

The Group's capital and liquidity position remained strong and healthy. The total capital ratio and common equity tier 1 capital ratio stood at 17.02% and 12.60% respectively as at 31 December 2016, compared with 16.62% and 11.81%, respectively, at end-December 2015. The average liquidity maintenance ratio also stood at a comfortable level of 48.49% in 2016.

We believe the global and domestic economies will remain uncertain and volatile in 2017, creating a complex operating environment for banks in Hong Kong. Despite these uncertainties, we will continue to strengthen the Bank's local franchise and pursue a prudent growth strategy to stay resilient in the face of rapidly evolving business conditions. We remain committed to our service-oriented approach by offering a diverse range of financial services tailored to the needs of our target customer segments. We will continue to expand our online and digital platforms and upgrade our service delivery channels to capitalize on emerging Fintech opportunities and meet changing customer preferences. In corporate banking, we will continue to enhance our products and services through technology to expand our customer base and deepen customer relationships. Furthermore, our close collaboration with our parent company, Fubon Financial Holding Co., Ltd. ("Fubon Financial Holdings"), will ensure that we have adequate support and resources to successfully implement our business strategy.

As always, we are committed to strengthening our risk management and culture, and we will continue to adopt the ever evolving best practices in corporate governance while improving our service delivery capabilities. One of our core missions remains the provision of reliable and high-quality banking solutions to our customers to enable them to benefit from the unique FUBON EXPERIENCE.

非營運收入方面，廈門銀行股份有限公司於2016年保持增長趨勢，成績令人滿意。本集團應佔溢利按年增長9%至2.25億港元。此外，本集團出售於越南的投資，錄得4,800萬港元的收益。

截至2016年12月31日止，本集團的總資產增加50億港元或5%至960億港元。市場環境疲弱，客戶貸款總額僅上升2%至440億港元。客戶存款增長步伐較快，上升9%至640億港元，與本集團於市況不明朗的情況下採取維持穩健存款的策略一致。計及商業票據及本行發行之存款證，貸存比率由2015年12月31日的69.4%下降至2016年12月31日的64.8%。

本集團的資本及流動資金維持在充裕及健康水平。截至2016年12月31日止，總資本比率及普通股權一級資本比率分別為17.02%及12.60%，2015年12月底則分別為16.62%及11.81%。2016年平均流動性維持比率處於48.49%的穩健水平。

我們相信全球及本地經濟在2017年將持續不明朗及波動不定，為香港銀行業帶來複雜多變的經營環境。面對此等不明朗因素，本集團將繼續鞏固本地業務，並採取穩中求進的策略，務求在發展迅速的業務環境中維持堅穩的表現。我們秉持服務為本的理念，提供多元化且切合目標客戶群需要的金融服務。我們將持續拓展網上及電子平台，並優化服務渠道，以把握新興金融科技帶來的機遇及配合客戶的喜好。在企業銀行業務方面，我們將繼續運用科技提升產品和服務質素，以擴大客戶基礎及深化與客戶之間的關係。此外，我們與母公司富邦金融控股股份有限公司（「富邦金控」）的緊密合作，將確保本行有足夠的支持及資源，順利落實各項業務策略。

一如既往，我們致力提升風險管理及文化。在提高服務能力的同時，我們繼續採納不時修訂的最佳常規，處理企業管治事宜。我們其中一項核心目標，就是為客戶提供可靠及優質的銀行服務，以及獨特的「富邦體驗」。

In addition to our deep commitment to our customers, we remain dedicated to our staff by providing them with training, education sponsorship and career enhancement opportunities. We fully believe that our people are the most valuable asset of our Bank. To our local community, we continue to uphold our responsibility as a good corporate citizen by supporting an array of corporate social responsibility programmes. During the year, the Bank was awarded the 10 Years Plus Caring Company Logo by The Hong Kong Council of Social Service.

Finally, I wish to thank my management team and staff for their dedication in delivering consistently solid operating performance. I would also like to extend my gratitude to our Chairman, Chairman of Fubon Financial Holdings and to the entire Board of Directors for their ongoing support and guidance in driving our strategic initiatives and achieving sustainable business growth. We firmly believe that a successful institution must remain true to, and provide value for, all of our stakeholders.



Raymond Lee

Chief Executive Officer and Managing Director
April 2017

除致力提升客戶體驗外，我們繼續透過提供完善的培訓計劃、教育資助及晉升機會，支持員工持續進修。我們深信員工是本行最寶貴的資產。此外，我們透過支持多項企業社會責任計劃，緊守作為良好企業公民的責任，推動本地社區發展。年內，本行亦獲香港社會服務聯會頒發10年Plus「商界展關懷」標誌。

最後，我謹此感謝管理層及全體員工不遺餘力的付出，協助本行保持穩健的經營表現。同時，我衷心感謝本行主席、富邦金控主席及全體董事會成員一直的支持及指導，使我們能成功推動各項策略計劃，達致可持續的業務增長。我們堅信，一間成功的企業必須對所有持份者保持真誠的態度以及為他們提供價值。



李永鴻

行政總裁兼董事總經理
二零一七年四月