



恒生銀行

HANG SENG BANK



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HANG SENG BANK

2015 Annual Results



Forward-looking Statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Hang Seng. These forward-looking statements represent Hang Seng's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Past performance cannot be relied on as a guide to future performance.

2015 Annual Results

Business Overview

Financial Performance

Loans & Deposits

Segment Performance

A Customer-centred Strategy for Sustainable Growth

Business Overview



Business Overview

- Sustained balanced growth in core businesses with integrated retail & commercial banking positioning
- Enhanced shareholders' return with sustained profitability & strengthened capital base
- Maintained strong liquidity position under new regulatory requirements
- Expanded target customer base & strengthened customer engagement
- Captured onshore & offshore business opportunity with increased cross-border & cross-business collaboration
- Strengthened health-and-wealth proposition through leveraging exclusive partnership with Bupa

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A Customer-centred Strategy for Sustainable Growth

Financial Performance

HK\$ Mn	2015	vs 2014	
	Reported	Reported	Adjusted ⁽¹⁾
Net interest income - net interest margin (%)	21,165 1.83	7% ▲ 7 bp ▼	
Non-interest income	9,882	4% ▼	7% ▲
Net operating income before loan impairment charges	31,047	3% ▲	7% ▲
Operating expenses	10,482	9% ▲	
Operating profit - excl. loan impairment charges	20,541	↔	5% ▲
Loan impairment charges	1,108	3% ▼	
Operating profit	19,433	↔	6% ▲
Profit before tax	30,488	69% ▲	4% ▲
Profit attributable to shareholders	27,494	82% ▲	4% ▲
Earnings per share (HK\$)	14.22	80% ▲	2% ▲
Dividends per share (HK\$) ⁽²⁾	5.7	0.1 ▲	
Special interim dividend (HK\$)	3.0	NA	
Cost efficiency ratio (%)	33.8	2.0 pp ▲	

⁽¹⁾ excl. the financial impact of IB-related items

⁽²⁾ 4th interim dividend for 2015: HK\$2.40/share

▲ ▼ Favourable ▲ ▼ Unfavourable

Financial Performance

HK\$ Mn	2015		vs 2014	
	Reported	Adjusted ⁽¹⁾	Reported	Adjusted ⁽¹⁾
Non-interest income	9,882	9,763	4% ▼	7% ▲
Net fee income	7,038		13% ▲	
including gross fee from:				
■ Securities broking & related services	1,872		38% ▲	
■ Retail investment funds	1,763		5% ▲	
■ Cards	2,386		9% ▲	
■ Remittances	444		10% ▲	
■ Account services	439		12% ▲	
Net trading income	2,030		4% ▲	
Dividend income	142	23	88% ▼	15% ▲

⁽¹⁾ excl. IB dividend income in both years

▲ ▼ Favourable ▼ ▲ Unfavourable

Financial Performance

	2015		vs 2014	
	Reported	Adjusted ⁽¹⁾	Reported	Adjusted ⁽¹⁾
Return on average ordinary shareholders' equity (%)	20.7	13.8	7.3 pp ▲	0.5 pp ▼
Return on average total assets (%)	2.1	1.3	0.8 pp ▲	↔

⁽¹⁾ excl. the financial impact of IB-related items

HK\$ Bn	31 Dec 15	vs 31 Dec 14
Total assets	1,334	6% ▲

	31 Dec 15		vs 31 Dec 14
	Reported	ex-dividend	Reported
Capital ratio under Basel III (%)			
Common Equity Tier 1 capital ratio	17.7	15.7	2.1 pp ▲
Tier 1 capital ratio	19.1	17.1	3.5 pp ▲
Total capital ratio	22.1	20.1	6.4 pp ▲

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Loans & Deposits

HK\$ Bn	31 Dec 15	vs 31 Dec 14
Gross advances	691	5% ▲
Impaired advances / gross advances (%)	0.40	8 bp ▲

HK\$ Bn	31 Dec 15	vs 31 Dec 14
Deposits (incl. CDs & other debt securities in issue)	998	4% ▲

▲▼ Favourable ▲▼ Unfavourable

Loans & Deposits

HK\$ Bn	31 Dec 15	vs 31 Dec 14
Gross advances	691	5% ▲
For use in HK	483	6% ▲
■ Industrial, commercial & financial sectors	263	3% ▲
■ Individuals	220	10% ▲
incl. - residential mortgages	158	10% ▲
- credit cards	26	7% ▲
- other loans to personal customers	20	16 % ▲
Trade finance	47	13% ▲
For use outside HK	160	2% ▼

▲▼ Favourable ▼▲ Unfavourable

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Segment Performance

Retail Banking & Wealth Management



Segment Performance

Retail Banking & Wealth Management

HK\$ Mn	2015	vs 2014
Net interest income	11,281	9% ▲
Non-interest income	5,056	4% ▲
Net operating income before loan impairment charges	16,337	8% ▲
Operating profit - excl. loan impairment charges	9,709	9% ▲
Operating profit	9,089	8% ▲
Profit before tax	9,250	7% ▲

	31 Dec 15 vs 31 Dec 14
Gross advances	9% ▲
Deposits	4% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Retail Banking & Wealth Management

Tailored service propositions

- Grew in Prestige & Preferred customer base by 5% & 45% in HK & on the Mainland respectively
- Capitalised on our trusted brand, strong customer analytics capabilities & time-to-market product offerings
- Increased e-Banking customers in HK & on the Mainland by 7% & 24% respectively



Segment Performance

Retail Banking & Wealth Management

Wealth management	2015 vs 2014
■ Wealth management income	3% ▲
- Investment income	20% ▲
- Insurance income	12% ▼



▲▼ Favourable ▲▼ Unfavourable

Segment Performance

Retail Banking & Wealth Management

Credit cards	2015 vs 2014
■ Spending	9% ▲
Personal loans	31 Dec 15 vs 31 Dec 14
■ Gross advances (HK)	17% ▲



▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Retail Banking & Wealth Management

Mortgages	31 Dec 15 vs 31 Dec 14
■ Gross advances (HK)	9% ▲
■ Gross advances (Mainland)	26% ▲



▲▼ Favourable ▲▼ Unfavourable

Segment Performance

Commercial Banking



Segment Performance

Commercial Banking

HK\$ Mn	2015	vs 2014
Net interest income	5,929	8% ▲
Non-interest income	2,288	2% ▲
Net operating income before loan impairment charges	8,217	6% ▲
Operating profit - excl. loan impairment charges	5,736	6% ▲
Operating profit	5,212	8% ▲
Profit before tax	5,212	8% ▲

	31 Dec 15 vs 31 Dec 14
Gross advances	3% ▲
Deposits	10% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Commercial Banking

Non-interest income	2015 vs 2014
■ Non-interest income	2% ▲
- Insurance income	12% ▲
- Remittance income	13% ▲
- Securities-related income	41% ▲
- Structured investment income	36% ▼



▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Commercial Banking

Core Business Focus:

- Increased customer deposits by acquisition of quality Mainlander customers & strengthened cash management capabilities in Greater China region
- Diversified revenue streams by enriching product offerings & sales distribution initiatives
- Continued growth in quality lending riding on integrated business model between HK & Mainland especially in PRD region & enhanced portfolio management for maximising returns on risk-weighted assets
- Drove growth in SME business, including new customer acquisition, deposit, lending & wealth management business growth, through dedicated deposit acquisition team & upgrade in Business Banking network



Segment Performance

Global Banking & Markets



Segment Performance

Global Banking & Markets

HK\$ Mn	2015	vs 2014
Net interest income	3,498	13% ▼
Non-interest income	1,914	25% ▲
Net operating income before loan impairment charges	5,412	2% ▼
Operating profit - excl. loan impairment charges	4,466	5% ▼
Operating profit	4,502	4% ▼
Profit before tax	4,506	4% ▼



▲▼ Favourable ▲▼ Unfavourable

Segment Performance

Global Banking

HK\$ Mn	2015	vs 2014
Net interest income	1,888	↔
Non-interest income	388	45% ▲
Net operating income before loan impairment charges	2,276	5% ▲
Operating profit - excl. loan impairment charges	1,821	2% ▲
Operating profit	1,857	4% ▲
Profit before tax	1,856	4% ▲

	31 Dec 15 vs 31 Dec 14
Gross advances	1% ▲
Deposits	2% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Global Markets

HK\$ Mn	2015	vs 2014
Net interest income	1,610	23% ▼
Non-interest income	1,526	21% ▲
Net operating income before loan impairment charges	3,136	7% ▼
Operating profit - excl. loan impairment charges	2,645	9% ▼
Operating profit	2,645	9% ▼
Profit before tax	2,650	9% ▼

▲▼ Favourable ▲▼ Unfavourable

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Segment Performance

A Customer-centred Strategy for Sustainable Growth

A Customer-centred Strategy for Sustainable Growth



A Customer-centred Strategy for Sustainable Growth

- Strengthen competitiveness by leveraging strong brand, network, customer base & cost effectiveness
- Sustain quality growth in core businesses through integrated cross-border & cross-business infrastructure to offer total core banking solutions
- Intensify capital, liability & liquidity management in response to market volatility & regulatory requirements
- Deepen client engagement & tailor product offerings to facilitate portfolio management for different customer segments to respond to increasing market complexity
- Expand digital platform to enhance efficiency & convenience for mobile & tech-savvy customers
- Continue to strengthen credit risk management & maintain high standards of governance
- Reinforce people strategy, performance-driven culture & talent management



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