



恒生銀行
HANG SENG BANK



恒生銀行
HANG SENG BANK

2014 Interim 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.

2014 Interim Results

Business Overview

Financial Performance

Loans & Deposits

HK & Other Businesses

Mainland Business

Aligned for Sustainable Growth

Business Overview



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Business Overview

Grew income & profit across all business groups

Achieved balanced growth in

- Net interest income & non-interest income
- Lending & deposits while maintaining asset quality

Enhanced cross-border infrastructure & collaboration to capture onshore/offshore business opportunities from policy relaxation

Upgraded branch network & increased Prestige & Preferred Banking Centres

Engaged exclusive distribution with Bupa on medical insurance

Expanded network on the Mainland & launched debut RMB 1 billion dim sum bond

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Financial Performance

HK\$ Mn	1H 14	vs 1H 13
Net interest income	9,671	8% ▲
- net interest margin (%)	1.92	8 bp ▲
Non-interest income	4,802	7% ▲
Net operating income before loan impairment charges	14,473	7% ▲
Operating expenses	4,640	7% ▲
Operating profit - excl. loan impairment charges	9,833	8% ▲
Loan impairment charges	337	70% ▲
Operating profit	9,496	6% ▲
Profit before tax	9,877	47% ▼ (5% ▲)
Profit attributable to shareholder	8,468	54% ▼ (6% ▲)
Earnings per share (HK\$)	4.43	54% ▼ (6% ▲)
Dividends per share (HK\$)	2.20	↔
Cost efficiency ratio (%)	32.1	10 bp ▼

(excl. IB reclassification in 2013 & gains from property disposal & revaluation)

▲ ▼ Favourable ▲ ▼ Unfavourable

Financial Performance

HK\$ Mn	1H 14	vs 1H 13
Non-interest income	4,802	7% ▲
Net fee income	3,062	4% ▲
including gross fee from:		
■ Remittances	193	22% ▲
■ Retail investment funds	891	5% ▲
■ Stockbroking & related services	511	4% ▼
■ Insurance-related services	249	12% ▲
■ Cards	1,051	3% ▲
Net trading income	1,061	12% ▼

▲▼ Favourable ▲▼ Unfavourable

Financial Performance

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Financial Performance

	1H 14		vs 1H 13	
Return on average shareholders' funds (%)	15.9	(16.1)	20.0 pp ▼	(0.4 pp ▼)
Return on average total assets (%)	1.5	(1.4)	1.9 pp ▼	(0 pp)

(excl. IB reclassification in 2013 & gains from property disposal & revaluation)

HK\$ Bn	30 Jun 14	vs 31 Dec 13
Total asset	1,196	5% ▲

▲▼ Favourable ▲▼ Unfavourable

Financial Performance

	30 Jun 14	31 Dec 13
Capital ratio under Basel III (%)		
Common Equity Tier 1 capital ratio	11.8	13.8
Tier 1 capital ratio	11.8	13.8
Total capital ratio	14.2	15.8

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Loans & Deposits

HK\$ Bn	30 Jun 14	vs 31 Dec 13
Gross advances	634.4	8% ▲
Impaired advances/gross advances (%)	0.20	2 bp ▼

HK\$ Bn	30 Jun 14	vs 31 Dec 13
Deposits (incl. CDs & other debt securities in issue)	920.8	6% ▲

▲▼ Favourable ▲▼ Unfavourable

Loans & Deposits

HK\$ Bn	30 Jun 14	vs 31 Dec 13
Gross advances	634.4	8% ▲
For use in HK	439.2	10% ▲
■ Industrial, commercial & financial sectors	251.0	15% ▲
incl. - property development & investment	153.6	17% ▲
- wholesale & retail trade	25.0	14% ▲
- manufacturing	20.8	20% ▲
■ Individuals	188.2	4% ▲
incl. - residential mortgages	149.4	2% ▲
- credit cards	21.6	1% ▲
- other loans to personal customers	17.3	20% ▲
Trade finance	51.7	1% ▼
For use outside HK	143.5	5% ▲

▲▼ Favourable ▲▼ Unfavourable

Loans & Deposits

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HK & Other Businesses

Retail Banking & Wealth Management



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HK & Other Businesses

Retail Banking & Wealth Management

HK\$ Mn	1H 14	vs 1H 13
Net interest income	4,888	0.6% ▼
Non-interest income	2,606	15% ▲
Net operating income before loan impairment charges	7,494	4% ▲
Operating profit - excl. loan impairment charges	4,744	4% ▲
Operating profit	4,497	5% ▲
Profit before tax	4,652	4% ▲

	vs 31 Dec 13
Gross advances	4% ▲
Deposits	2% ▲

▲▼ Favourable ▲▼ Unfavourable

HK & Other Businesses

Retail Banking & Wealth Management

Enhanced customer service experience

- Opened five Prestige & Preferred Banking Centres
- Increased Prestige & Preferred Banking customers by 7%



Retail Banking & Wealth Management

Credit cards

■ Spending (vs 1H 13)	9% ▲
■ Cards in circulation (vs 30 Jun 13)	3% ▲



HK & Other Businesses

Retail Banking & Wealth Management

Personal loans

vs 31 Dec 13

■ Gross advances

12% ▲

Mortgages

vs 31 Dec 13

■ Gross advances

2% ▲

月息
低至
\$15

多種
申請途徑
☎ 電腦 手機

快
即日現金到手

10%首期
即時成為
業主

Retail Banking & Wealth Management

Wealth management	vs 1H 13
■ Wealth management income	11% ▲
- Insurance income	19% ▲
- Investment services income	1% ▲

Retail investment funds	vs 1H 13
■ Turnover	9% ▲
■ Income	6% ▲

HK & Other Businesses

Commercial Banking



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HK & Other Businesses

Commercial Banking

HK\$ Mn	1H 14	vs 1H 13
Net interest income	2,228	11% ▲
Non-interest income	1,109	3% ▼
Net operating income before loan impairment charges	3,337	6% ▲
Operating profit - excl. loan impairment charges	2,476	5% ▲
Operating profit	2,488	3% ▲
Profit before tax	2,489	3% ▲

	vs 31 Dec 13
Gross advances	13% ▲
Deposits	9% ▲

▲▼ Favourable ▲▼ Unfavourable

Commercial Banking

Non-interest income	vs 1H 13
■ Non-interest income	3% ▼
- Remittance income	22% ▲
- Insurance income	13% ▲
Life insurance	16% ▲
General insurance	8% ▲
- Net trading income	19% ▼



HK & Other Businesses

Commercial Banking

Enriched SME service proposition

- Growth in SME customer deposits
- Increase in non-interest income
- 45% of newly acquired customers from Mainland

Enhanced Business Banking Centres



HK & Other Businesses

Commercial Banking

Maintained strong position for syndicated lending business

- Ranking 2nd in 1H14 as Mandated Arranger in HK & Macau



HK & Other Businesses

Global Banking & Markets



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HK & Other Businesses

Global Banking & Markets

HK\$ Mn	1H 14	vs 1H 13
Net interest income	1,764	17% ▲
Non-interest income	699	9% ▼
Net operating income before loan impairment charges	2,463	8% ▲
Operating profit - excl. loan impairment charges	2,176	7% ▲
Operating profit	2,176	7% ▲
Profit before tax	2,179	7% ▲

▲▼ Favourable ▲▼ Unfavourable

HK & Other Businesses

Global Banking

HK\$ Mn	1H 14	vs 1H 13
Net interest income	813	14% ▲
Non-interest income	119	25% ▲
Net operating income before loan impairment charges	932	15% ▲
Operating profit - excl. loan impairment charges	819	15% ▲
Operating profit	819	14% ▲
Profit before tax	821	15% ▲

	vs 31 Dec 13
Gross advances	10% ▲
Deposits	42% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

HK & Other Businesses

Global Markets

HK\$ Mn	1H 14	vs 1H 13
Net interest income	951	20% ▲
Non-interest income	580	14% ▼
Net operating income before loan impairment charges	1,531	4% ▲
Operating profit - excl. loan impairment charges	1,357	3% ▲
Operating profit	1,357	3% ▲
Profit before tax	1,358	3% ▲

▲▼ Favourable ▲▼ Unfavourable

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Hang Seng China

HK\$ Mn	1H 14	vs 1H 13
Net interest income	866	33% ▲
Non-interest income	130	12% ▼
Net operating income before loan impairment charges	996	25% ▲
Operating profit - excl. loan impairment charges	265	137% ▲
Operating profit	163	26% ▲
Profit before tax	162	26% ▲

	vs 31 Dec 13
Gross advances	2% ▲
Deposits	6% ▲

▲▼ Favourable ▲▼ Unfavourable

Mainland Business

Broaden Mainland business network

- 50 outlets
- New strategic locations
 - Branch in Chengdu
 - Sub-branch in the Shanghai Free Trade Zone



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Financial Performance

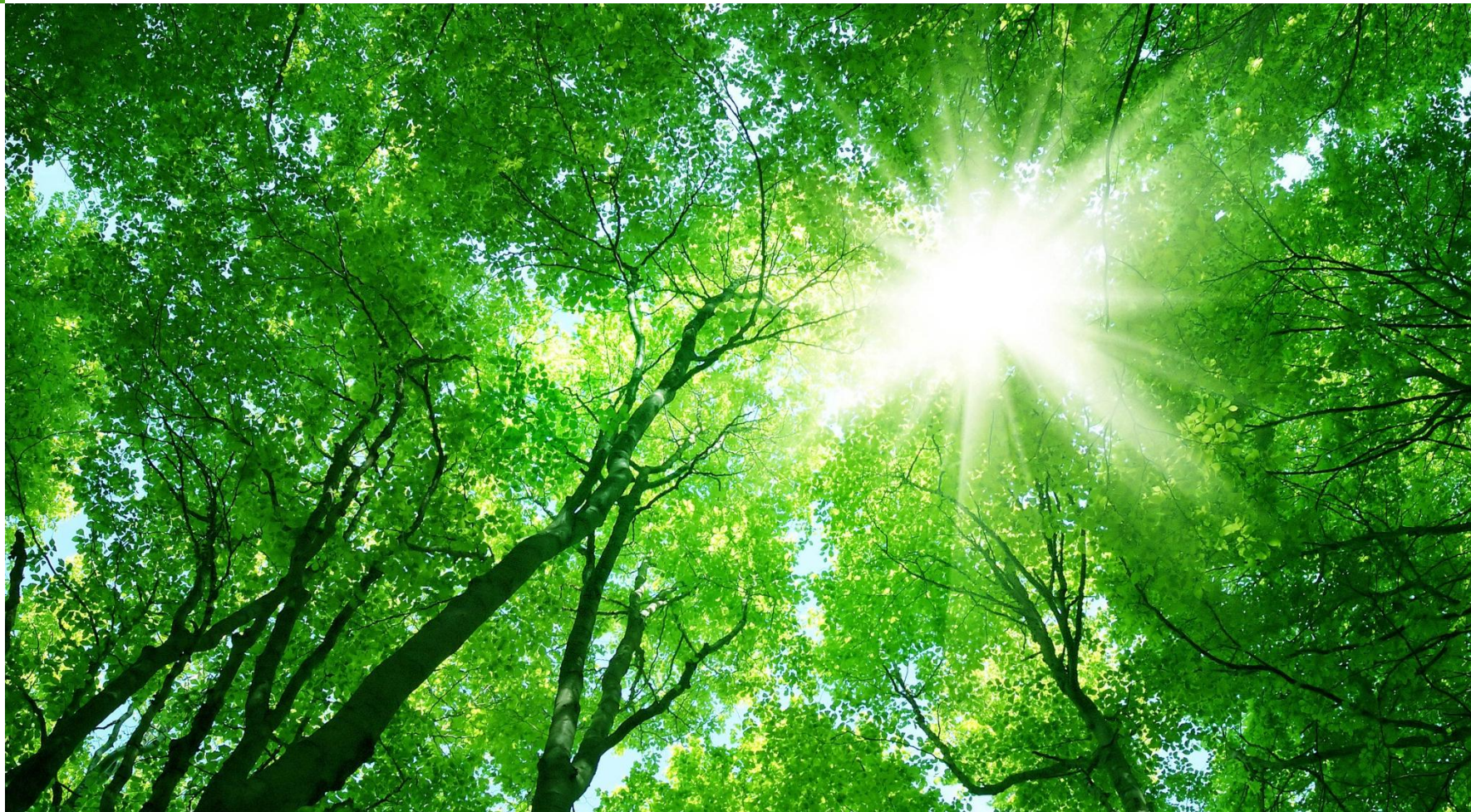
Loans & Deposits

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Aligned for Sustainable Growth

- Sustain balanced growth in core businesses
- Continue to implement customer-driven strategy with enhancement in channels, propositions & service delivery
- Seamless Mainland/HK collaboration to capture onshore/offshore business opportunities from cross-border policy relaxation
- Manage emerging risks & uphold high standards of corporate governance
- Enhance operational efficiency
- Emphasise long-term relationships & commitment to corporate responsibility



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