



恒生銀行
HANG SENG BANK



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HANG SENG BANK

2015 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.

2015 Interim Results

Business Overview

Financial Performance

Loans & Deposits

Segment Performance

Strategy for Long-term Growth

Business Overview



Business Overview

- Sustained balanced growth in core businesses
- Achieved good growth in operating income & underlying profit
- Reported strong growth in wealth income with:
 - Expanded target customer base
 - Upgraded Prestige, Preferred & Business Banking Centres
 - Diversified product offerings
 - Enhanced digital platforms
- Strengthened health-and-wealth proposition through leveraging the exclusive partnership with Bupa to offer unique medical insurance services
- Responded swiftly to market developments & capitalised on closer economic ties between HK & Mainland & cross-border policy initiatives
- Strengthened long-term capital base with partial disposals of Industrial Bank

2015 Interim Results

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Financial Performance

HK\$ Mn	1H 15	vs 1H 14
Net interest income	10,441	8% ▲
- net interest margin (%)	1.86	6 bp ▼
Non-interest income	6,074	26% ▲
Net operating income before loan impairment charges	16,515	14% ▲
Operating expenses	5,136	11% ▲
Operating profit - excl. loan impairment charges	11,379	16% ▲
Loan impairment charges	594	76% ▲
Operating profit	10,785	14% ▲
Profit before tax	21,720	120% ▲ (12% ▲)
Profit attributable to shareholders	20,048	137% ▲ (11% ▲)
Earnings per share (HK\$)	10.49	137% ▲ (11% ▲)
Dividends per share (HK\$) ⁽¹⁾	2.2	↔
Cost efficiency ratio (%)	31.1	1.0 pp ▼

(1) 2nd interim dividend for 2015: HK\$1.10/share
(excl. gains on partial disposal of IB in 1H15)

▲ ▼ Favourable ▲ ▼ Unfavourable

Financial Performance

HK\$ Mn	1H 15	vs 1H 14
Non-interest income	6,074	26% ▲
Net fee income	3,884	27% ▲
including gross fee from:		
■ Cards	1,146	9% ▲
■ Credit facilities	204	10% ▲
■ Remittances	208	8% ▲
■ Retail investment funds	1,051	18% ▲
■ Securities broking & related services	1,167	94% ▲
Net trading income	1,377	30% ▲
■ Foreign exchange-related	1,239	25% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

Financial Performance

	1H 15	vs 1H 14
Return on average shareholders' funds (%)	29.4 (15.6)	13.5 pp ▲ (1.0 pp ▼)
Return on average total assets (%)	3.1 (1.5)	1.6 pp ▲ (⇄)

(excl. gains on partial disposal of IB in 1H15)

HK\$ Bn	30 Jun 15	vs 31 Dec 14
Total assets	1,331	5% ▲

▲▼ Favourable ▲▼ Unfavourable

Financial Performance

	30 Jun 15	vs 31 Dec 14
Capital ratio under Basel III (%)		
Common Equity Tier 1 capital ratio	17.1	1.5 pp ▲
Tier 1 capital ratio	18.5	2.9 pp ▲
Total capital ratio	21.8	6.1 pp ▲

▲▼ Favourable ▲▼ Unfavourable

2015 Interim Results

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Loans & Deposits

HK\$ Bn	30 Jun 15	vs 31 Dec 14
Gross advances	675.1	2% ▲
Impaired advances / gross advances (%)	0.43	0.11 pp ▲

HK\$ Bn	30 Jun 15	vs 31 Dec 14
Deposits (incl. CDs & other debt securities in issue)	1,000.1	5% ▲

▲▼ Favourable ▲▼ Unfavourable

Loans & Deposits

HK\$ Bn	30 Jun 15	vs 31 Dec 14
Gross advances	675.1	2% ▲
For use in HK	473.0	4% ▲
■ Industrial, commercial & financial sectors	261.3	3% ▲
■ Individuals	211.7	6% ▲
incl. - residential mortgages	152.3	6% ▲
- credit cards	23.9	1% ▼
- other loans to personal customers	19.3	14% ▲
Trade finance	40.5	3% ▼
For use outside HK	161.6	2% ▼

▲▼ Favourable ▲▼ Unfavourable

2015 Interim Results

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Segment Performance

Retail Banking & Wealth Management



Segment Performance

Retail Banking & Wealth Management

HK\$ Mn	1H 15	vs 1H 14
Net interest income	5,503	10% ▲
Non-interest income	3,444	32% ▲
Net operating income before loan impairment charges	8,947	17% ▲
Operating profit - excl. loan impairment charges	5,630	24% ▲
Operating profit	5,331	24% ▲
Profit before tax	5,454	23% ▲

	vs 31 Dec 14
Gross advances	6% ▲
Deposits	5% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Retail Banking & Wealth Management

Tailored service propositions

- Expanded Prestige & Preferred customer base by 9% & 35% in HK & on the Mainland respectively
- Increased e-banking customers in HK & on the Mainland by 7% & 26% respectively



Segment Performance

Retail Banking & Wealth Management

Wealth management	vs 1H 14
■ Wealth management income	22% ▲
- Investment services income	50% ▲
- Insurance income	↔



Segment Performance

Retail Banking & Wealth Management

Credit cards

vs 1H 14

■ Spending

11% ▲

Personal loans

vs 31 Dec 14

■ Gross advances (HK)

12% ▲

Mortgages

vs 31 Dec 14

■ Gross advances (HK)

5% ▲

■ Gross advances (Mainland)

11% ▲



Segment Performance

Commercial Banking



Segment Performance

Commercial Banking

HK\$ Mn	1H 15	vs 1H 14
Net interest income	2,991	18% ▲
Non-interest income	1,246	6% ▲
Net operating income before loan impairment charges	4,237	14% ▲
Operating profit - excl. loan impairment charges	2,992	16% ▲
Operating profit	2,714	9% ▲
Profit before tax	2,715	9% ▲

	vs 31 Dec 14
Gross advances	1% ▼
Deposits	2% ▲
- Current & savings deposits	3% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Commercial Banking

Non-interest income	vs 1H 14
■ Non-interest income	6% ▲
- Remittance income	10% ▲
- Investment funds income	15% ▲
- Insurance income	36% ▲
- Securities-related income	82% ▲



Segment Performance

Commercial Banking

Core Business Focus:

- Continued to grow quality lending & maximize returns on risk-weighted assets
- Captured cross-border opportunities through close connectivity between relationship teams in HK & Mainland & upgrade of cash management & trade-related services
- Tapped new business in Bohai Economic Rim region with opening of Jinan Branch
- Enriched SME service propositions including upgrade of Business Banking Centres
- Drove new customer acquisition to support growth in SME business, deposits & corporate wealth revenues



Segment Performance

Global Banking & Markets



Segment Performance

Global Banking & Markets

HK\$ Mn	1H 15	vs 1H 14
Net interest income	1,705	18% ▼
Non-interest income	1,029	40% ▲
Net operating income before loan impairment charges	2,734	3% ▼
Operating profit - excl. loan impairment charges	2,264	6% ▼
Operating profit	2,247	7% ▼
Profit before tax	2,252	7% ▼



▲▼ Favourable ▲▼ Unfavourable

Segment Performance

Global Banking

HK\$ Mn	1H 15	vs 1H 14
Net interest income	978	4% ▲
Non-interest income	191	46% ▲
Net operating income before loan impairment charges	1,169	10% ▲
Operating profit - excl. loan impairment charges	949	7% ▲
Operating profit	932	5% ▲
Profit before tax	932	5% ▲

	vs 31 Dec 14
Gross advances	↔
Deposits	12% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Global Markets

HK\$ Mn	1H 15	vs 1H 14
Net interest income	727	37% ▼
Non-interest income	838	39% ▲
Net operating income before loan impairment charges	1,565	11% ▼
Operating profit - excl. loan impairment charges	1,315	14% ▼
Operating profit	1,315	14% ▼
Profit before tax	1,320	14% ▼

Increased cross-selling & business flow through:

- Leveraging strong product development capabilities
- Close connectivity among business units
- Extensive service network

▲▼ Favourable ▲▼ Unfavourable

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Strategy for Long-term Growth

- Continue to leverage on leading domestic bank position & trusted brand to capture opportunities under policy relaxation to drive local & cross-border business, particularly in the Yangtze River Delta & Pearl River Delta
- Deepen existing customer relationships & achieve business growth through enhanced cross-selling, further enrichment in product range, delivery channels & efficiency
- Sustain growth in wealth & health business, leveraging on strategic partnerships
- Maintain high standard of corporate governance & risk management
- Enhance portfolio management & return on risk-weighted assets
- Reinforce people strategy, performance-driven culture & talent management



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