



恒生銀行
HANG SENG BANK

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YEARS
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SINCE 1933



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HANG SENG BANK

2021 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.

2021 Interim Results

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Loans and Deposits

Segment Performance

Hang Seng China

Towards a More Sustainable Future

One Bank, A World of Opportunity

Business Overview



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Business Overview

- 1H 2021 attributable profit recorded 4% year-on-year drop but up 16% compared with 2H 2020
- Achieved 24% growth in non-interest income leveraging strong wealth management capabilities, resilience of business model, continuous investment in technology and service enhancement
- Accelerated new business segments and green financing development
- Rolled out new digital initiatives, including:
 - 270+ enriched digital features to enhance customer experiences
 - ‘iAM Smart’ app for identity verification at all branches
 - omni-channel ‘branch of the future’ model to improve efficiency and service experience for customers
 - wellness app “Olive” to enrich customers’ lifestyles
- Established strategic alliance with Cyberport to help innovators and start-ups capture opportunities in Greater Bay Area
- Won awards on personal banking mobile app, SimplyFund in-app fund investment service and payment and collection solution
- Grew customers in younger segments

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Financial Overview

HK\$ Mn	1H 21	vs 1H 20	vs 2H 20
Net interest income	11,883	20% ▼	2% ▼
- net interest margin (%)	1.51	45bp ▼	1bp ▼
Non-interest income	5,443	24% ▲	14% ▲
Net operating income before change in expected credit losses & other credit impairment charges	17,326	10% ▼	3% ▲
Change in expected credit losses & other credit impairment charges	339	81% ▼	65% ▼
Net operating income	16,987	3% ▼	7% ▲
Operating expenses	6,754	7% ▲	2% ▼
Operating profit	10,223	8% ▼	14% ▲
- excl. change in expected credit losses & other credit impairment charges	10,562	18% ▼	6% ▲
Profit before tax	10,298	3% ▼	17% ▲
Profit attributable to shareholders	8,767	4% ▼	16% ▲
Earnings per share (HK\$)	4.44	4% ▼	19% ▲
Dividends per share (HK\$)*	2.20	0.30 ▲	
Cost efficiency ratio (%)	39.0%	6.2 pp ▲	1.9 pp ▼

* 2nd interim dividend for 2021: HK\$1.10/share

▲▼ Favourable ▲▼ Unfavourable

Financial Overview

HK\$ Mn	1H 21	vs 1H 20	vs 2H 20
Net interest income	11,883	20% ▼	2% ▼
Average interest-earning assets	1,588	5% ▲	↔
Net interest margin (%)	1.51	45bp ▼	1bp ▼

▲▼ Favourable ▲▼ Unfavourable

Financial Overview

HK\$ Mn	1H 21	vs 1H 20
Non-interest income	5,443	24% ▲
Net fee income	3,709	17% ▲
<i>including gross fee from:</i>		
■ Cards	1,250	10% ▲
■ Securities broking and related services	1,225	25% ▲
■ Retail investment funds	903	38% ▲
■ Credit facilities	429	14% ▲
■ Account services	185	3% ▼
Net income from financial instruments measured at fair value through profit or loss	2,685	5,263% ▲
<i>of which: Net trading income and net income from financial instruments designated at fair value through P/L</i>	864	30% ▼
<i>of which: Net income / (expenses) from assets and liabilities of insurance businesses measured at fair value through P/L</i>	1,821	242% ▲
Net insurance premium income	6,798	5% ▼
Net insurance claims and benefits paid and movement in liabilities to policyholders	(8,307)	3% ▲
Other operating income	405	81% ▼
<i>of which: movement in present value of in-force long-term insurance business</i>	131	94% ▼

Financial Overview

	1H 21	vs 1H 20	vs 2H 20
Return on average ordinary shareholders' equity (%)	9.9	0.8pp ▼	1.4pp ▲
Return on average total assets (%)	1.0	0.1pp ▼	0.1pp ▲

	30 Jun 21	vs 31 Dec 20
Capital ratio (%)		
Common equity tier 1 capital ratio	15.8	1.0 pp ▼
Tier 1 capital ratio	17.4	1.1 pp ▼
Total capital ratio	18.9	1.1 pp ▼

	30 Jun 21	vs 31 Dec 20
Gross impaired advances as percentage of gross advances	0.69%	0.09pp ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

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Loans and Deposits

HK\$ Bn	30 Jun 21	vs 31 Dec 20
Gross advances	1,019	* 7% ▲
For use in Hong Kong	766	6% ▲
■ Businesses	440	9% ▲
■ Individuals	326	3% ▲
Trade finance	41	53% ▲
For use outside Hong Kong	212	4% ▲

* Excluding IPO staging finance, gross advances rose by 4%

HK\$ Bn	30 Jun 21	vs 31 Dec 20	vs 30 Jun 20
Deposits (incl. CDs and other debt securities in issue)	1,305	0.1% ▲	0.2% ▲

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Segment Performance

Wealth and Personal Banking



Segment Performance

Wealth and Personal Banking

HK\$ Mn	1H 21	vs 1H 20	vs 2H 20
Net interest income	6,531	20% ▼	1% ▼
Non-interest income	3,364	57% ▲	15% ▲
Net operating income before change in expected credit losses & other credit impairment charges	9,895	4% ▼	4% ▲
Operating profit - excl. change in expected credit losses & other credit impairment charges	5,767	9% ▼	10% ▲
Operating profit	5,541	1% ▼	10% ▲
Profit before tax	5,577	2% ▲	11% ▲

	1H 21 vs 1H 20
Average customer advances	4% ▲
Average customer deposits	4% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Wealth and Personal Banking

Achieved strong growth in use of digital channels

- Ratio of active mobile users increased to 75%
- Mobile app log-ons rose by 45%
- Number of key digital transactions grew by 62%
- Introduced new digital banking features, e.g. 'My Investment' function that provides at-a-glance overview of investment holdings and market insights

Segment Performance

Wealth and Personal Banking

	1H 21 vs 1H 20
Wealth management income	51% ▲
- Strengthened data analytics, uplifted digital capabilities, simplified customer journeys and refined sales management strategies	
■ Total investment services income	31% ▲
- Leveraged all-weather wealth management product portfolio, analytical strengths and deep understanding of markets to deliver timely personalised wealth solutions to customers	
- Increased digital investment customer base by 55%	
■ Insurance income	75% ▲
- Recorded 12% increase in annualised premiums	
- Launched “Olive”, a health and wellness solutions app that gives customers easy access to a range of value-added health and lifestyle services	

▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Wealth and Personal Banking

Mortgage business

- Achieved 38% year-on-year increase in new mortgage drawdowns
- Continue to rank among top three retail mortgage providers in HK for new mortgage registrations

Positioned credit cards as lifestyle offerings

- Enhanced customer benefits for e-commerce and everyday spending boosted cardholder numbers
- Partnership programme and expansion of Cash Dollars ecosystem contributed to the 10% year-on-year increase in card spending

Deepened and broadened relationships through customer-centric approach

- Prestige and Preferred Banking customer base grew by 13% year-on-year
- Signature customer base increased by 14% year-on-year

Segment Performance

Commercial Banking

Segment Performance

Commercial Banking

HK\$ Mn	1H 21	vs 1H 20	vs 2H 20
Net interest income	3,495	23% ▼	7% ▼
Non-interest income	1,117	2% ▲	40% ▲
Net operating income before change in expected credit losses & other credit impairment charges	4,612	18% ▼	1% ▲
Operating profit - excl. change in expected credit losses & other credit impairment charges	2,968	26% ▼	6% ▲
Operating profit	2,780	13% ▼	51% ▲
Profit before tax	2,780	13% ▼	51% ▲

	1H 21 vs 1H 20
Average deposit balances	11% ▲
Average loan balances	3% ▼

▲ ▼ Favourable ▲ ▼ Unfavourable

Segment Performance

Commercial Banking

Fee revenue as key growth driver of non-interest income

- Ranked second in League Table for Hong Kong Mandated Arranger for 1H 21 in terms of number of deals
- Trade-related fee income rose by 5%

Digital innovations and service enhancements

- Expanded Remote Account Opening service scope and introduced e-Sign
- Launched 'Biz Virtual+' account to support start-up companies
- Expanded mobile banking platform, adding new features such as biometric authentication and real-time inward payment status tracking
- Rolled out 'future of banking' service concept at revamped flagship Business Banking Centre in Central

Segment Performance

Commercial Banking

Expanded support and services for innovators and entrepreneurs

- Established strategic alliance with Hong Kong Cyberport to assist innovators and entrepreneurs to tap into growth potential of GBA

Stepped up green financing initiatives to facilitate shift to low-carbon economy

- Introduced Greenness Assessment Programme, designed to make it faster and easier for business customers to access green financing

Segment Performance

Global Banking and Markets



Segment Performance

Global Banking and Markets

HK\$ Mn	1H 21	vs 1H 20	vs 2H 20
Net interest income	2,029	16% ▼	2% ▲
Non-interest income	676	29% ▼	8% ▼
Net operating income before change in expected credit losses & other credit impairment charges	2,705	20% ▼	1% ▼
Operating profit - excl. change in expected credit losses & other credit impairment charges	2,102	26% ▼	1% ▼
Operating profit	2,177	18% ▼	6% ▼
Profit before tax	2,177	18% ▼	6% ▼

▲▼ Favourable ▲▼ Unfavourable

Segment Performance

Global Banking

HK\$ Mn	1H 21	vs 1H 20	vs 2H 20
Net interest income	1,151	6% ▼	1% ▲
Non-interest income	210	30% ▲	40% ▲
Net operating income before change in expected credit losses & other credit impairment charges	1,361	1% ▼	5% ▲
Operating profit - excl. change in expected credit losses & other credit impairment charges	1,077	5% ▼	8% ▲
Operating profit	1,152	16% ▲	↔
Profit before tax	1,152	16% ▲	↔

	1H 21 vs 1H 20
Average customer advances	↔
Average customer deposits	2% ▼

▲▼ Favourable ▼▲ Unfavourable

Segment Performance

Global Banking

Leveraged strong customer relationships

- Introduced new digital cash management solutions, including QR code collection
- Average current and saving deposits grew by 68%
- Diversified income streams, particularly through Debt Capital Markets Origination team, which completed several notable dim-sum and green bond deals in 1H 21

Segment Performance

Global Markets

HK\$ Mn	1H 21	vs 1H 20	vs 2H 20
Net interest income	878	27% ▼	3% ▲
Non-interest income	466	41% ▼	20% ▼
Net operating income before change in expected credit losses & other credit impairment charges	1,344	32% ▼	6% ▼
Operating profit - excl. change in expected credit losses & other credit impairment charges	1,025	40% ▼	9% ▼
Operating profit	1,025	38% ▼	13% ▼
Profit before tax	1,025	38% ▼	13% ▼

▲▼ Favourable ▼▲ Unfavourable

Segment Performance

Global Markets

Emphasis on revenue diversification and effective capture of market opportunities

- Recorded 15% increase in corporate foreign exchange sales turnover and more than doubling of growth in HKD and RMB trading revenue
- Repo Trading team significantly grew its year-on-year volumes
- Effective actions to meet increased customer demand for equity-linked products, resulting in 18% year-on-year increase in turnover and 33% rise in related income

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Hang Seng China

- Recorded 8% increase in total operating income
- Continued to make good progress in both personal and corporate business markets
- Achieved good growth in non-interest income and further diversification of the revenue base
- Profit before tax rose by 47%

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Towards a More Sustainable Future

- Continue to embed ESG considerations into services, operations and disclosures, with strong focus on climate risk management and contribution to tackling global climate change challenge
- Commit to be carbon neutral by 2030 through offering of ESG-themed products and services
- Established new team focusing exclusively on green financing solutions
- Continue to strengthen ESG focus of wealth management products

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Segment Performance

Hang Seng China

Towards a More Sustainable Future

One Bank, A World of Opportunity

One Bank, A World of Opportunity

- Continue to serve customers in alignment with our value
- Further grow non-fund income base and revenue streams
- Offer seamless financial services experience across channels and across boundaries
- Create new opportunities and improve outcomes for customers and business



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