



恒生銀行
HANG SENG BANK

2024 Annual Results

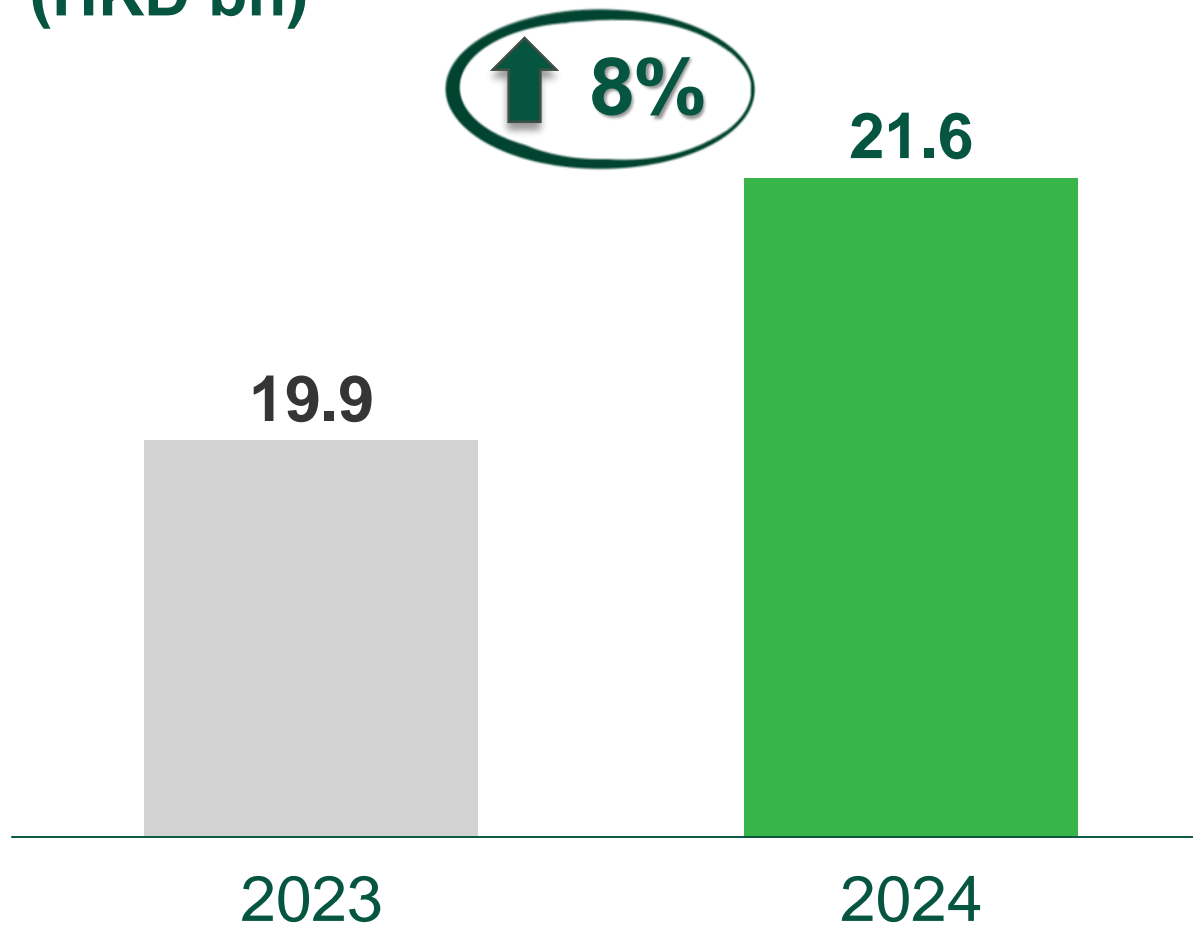
19 Feb 2025

Forward-looking Statements

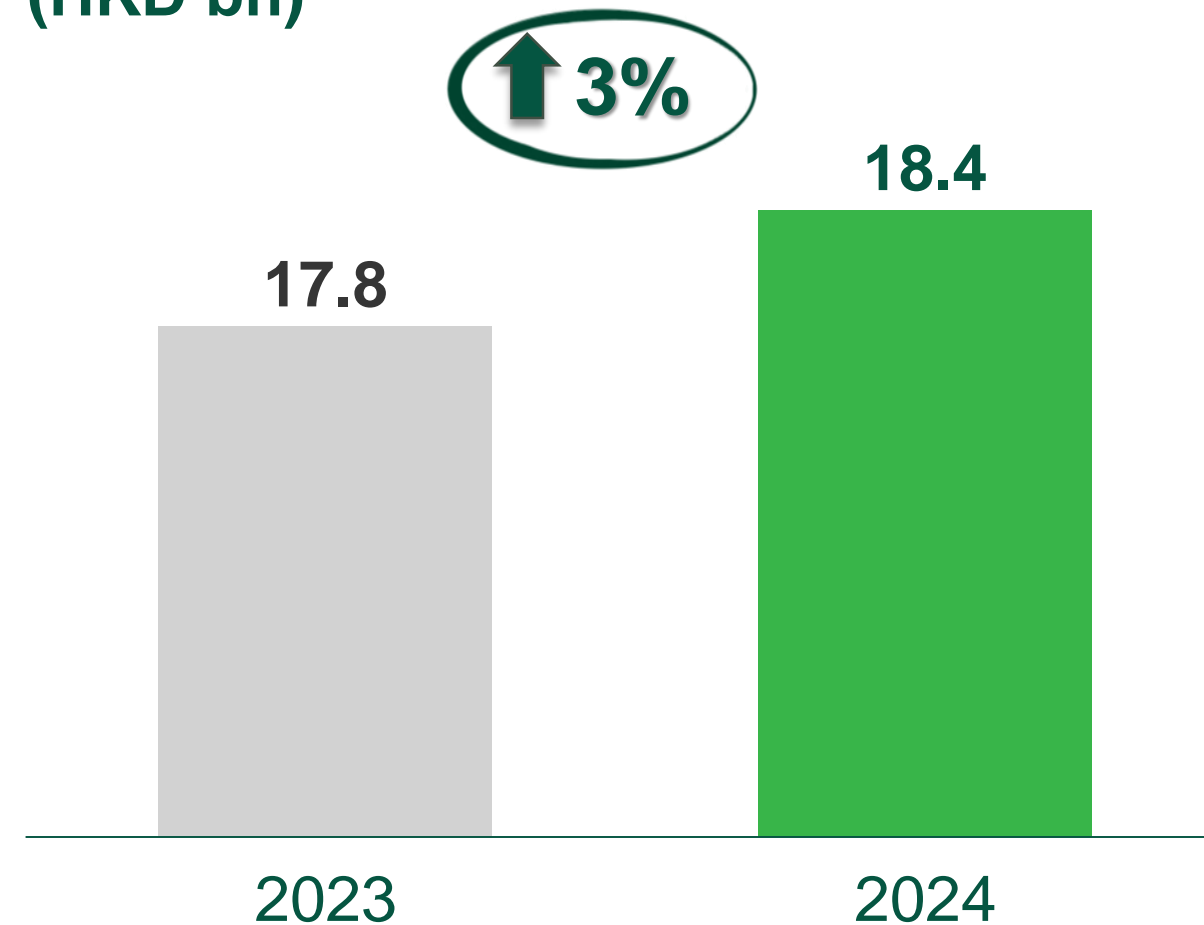
This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Hang Seng. These forward-looking statements represent Hang Seng's expectations or beliefs concerning future events and involve known 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.

Healthy increases in Operating Profit and Income

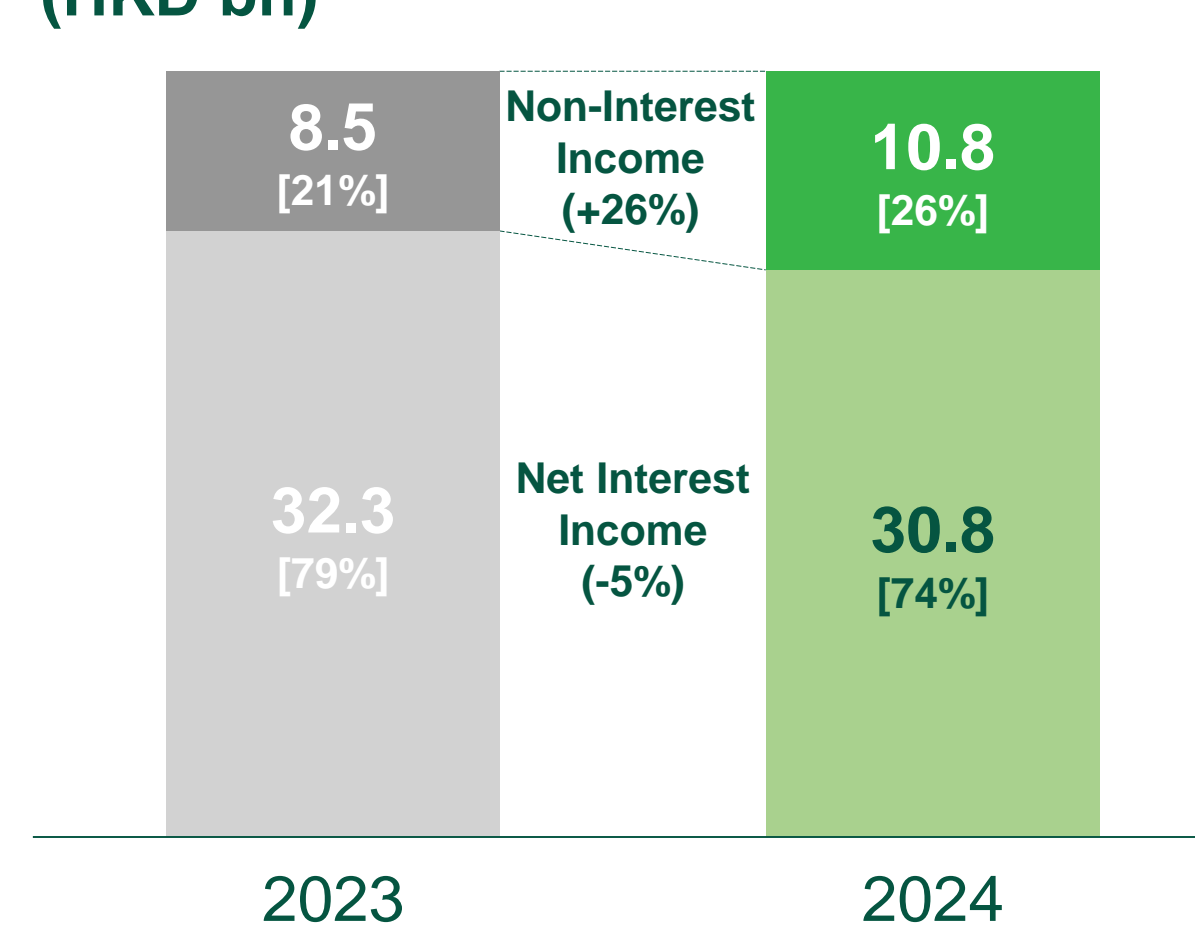
Operating Profit (HKD'bn)



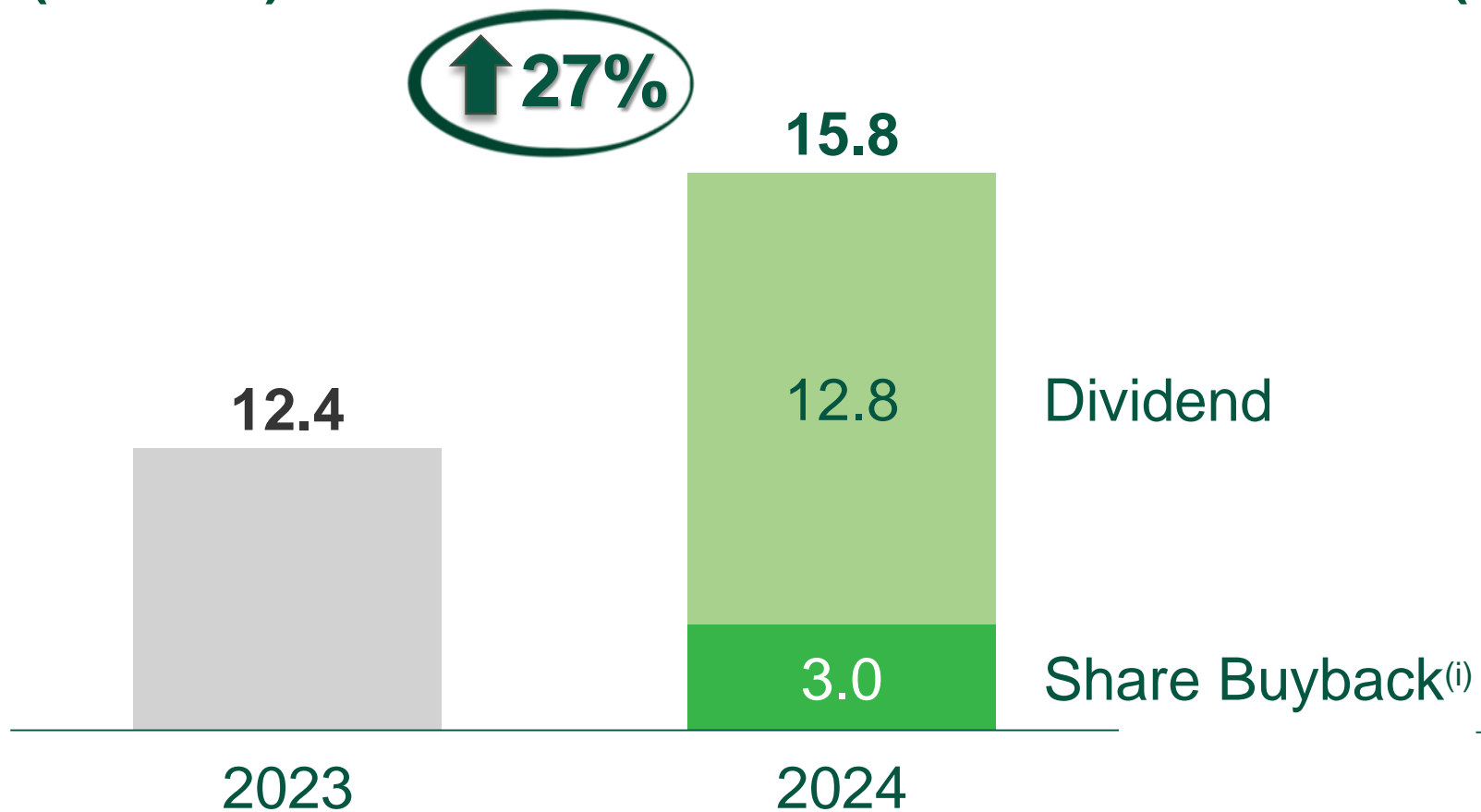
Profit Attributable to Shareholders (HKD'bn)



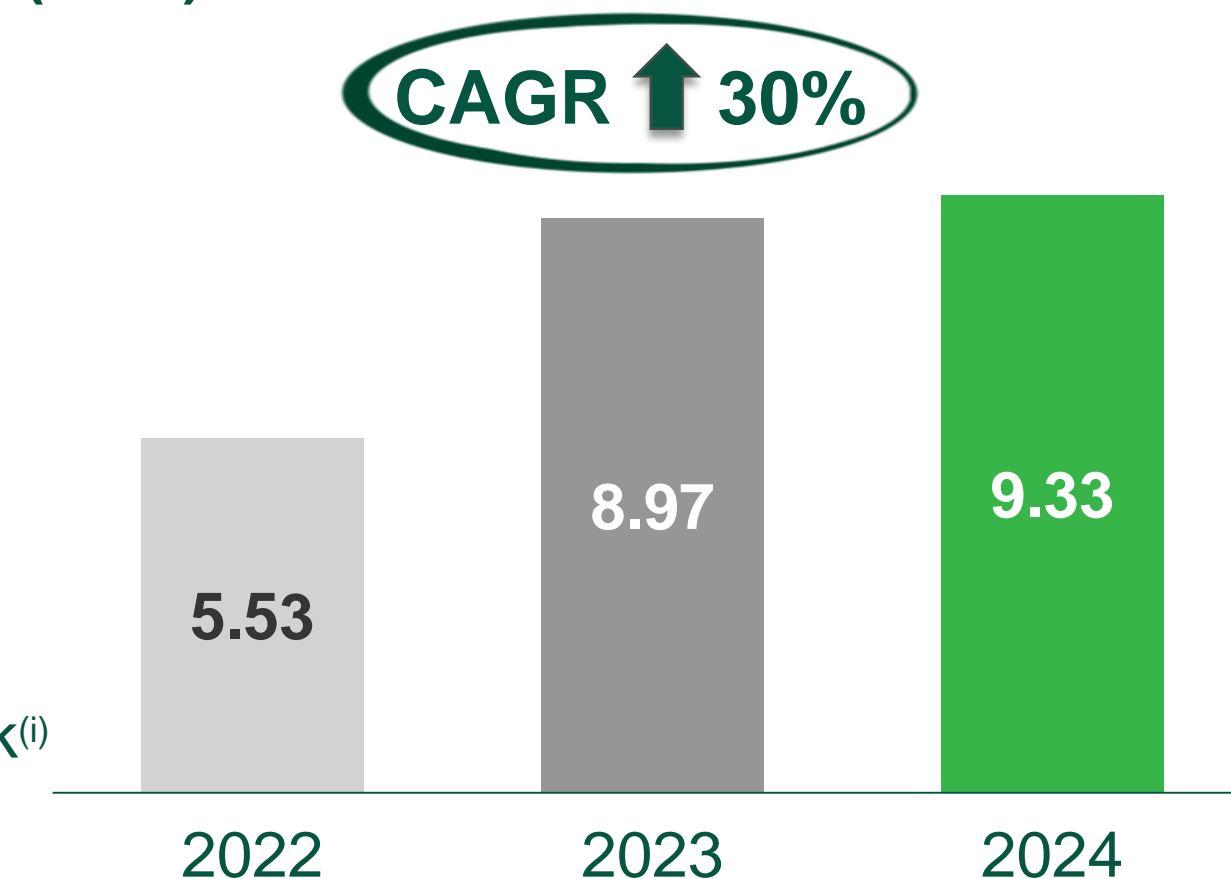
Total Operating Income (HKD'bn) ↑ 2%



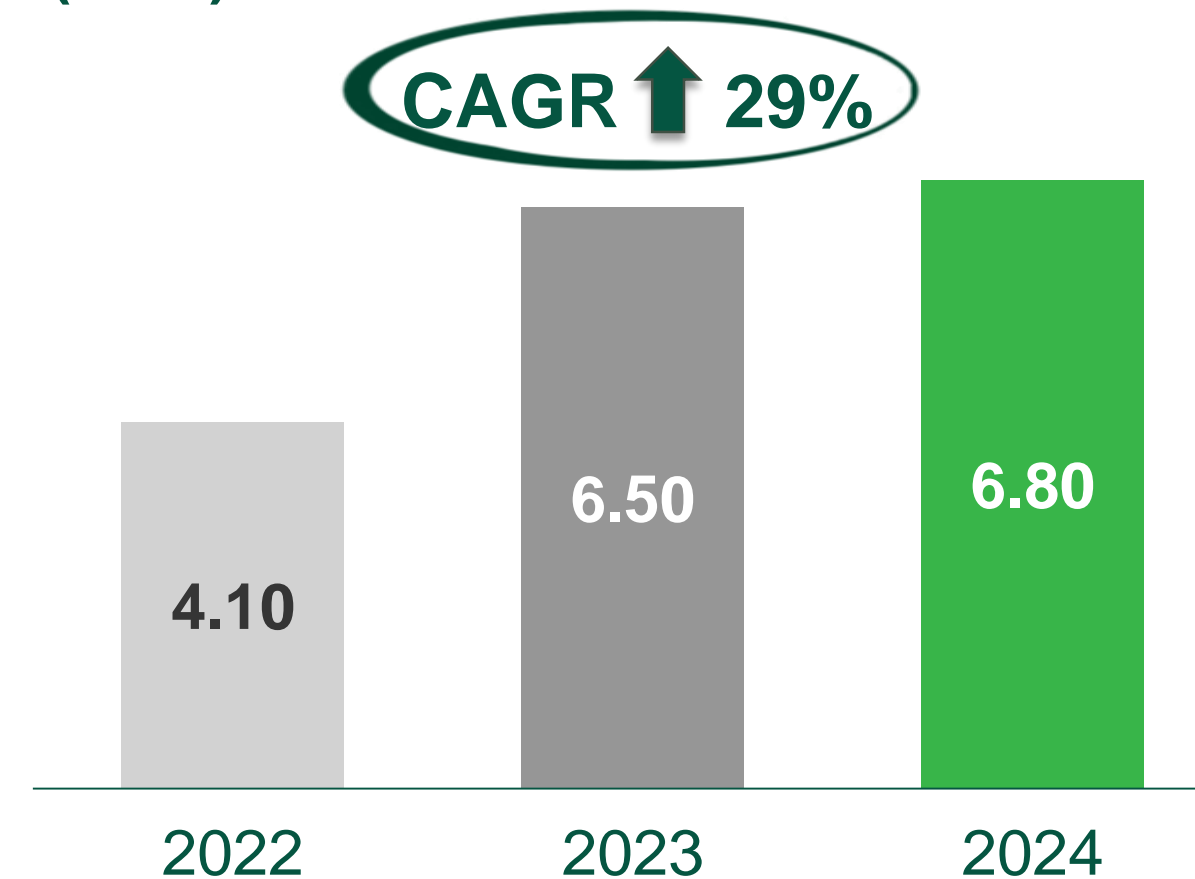
Capital Returns to Shareholders (HKD'bn)



Earnings Per Share (HKD)

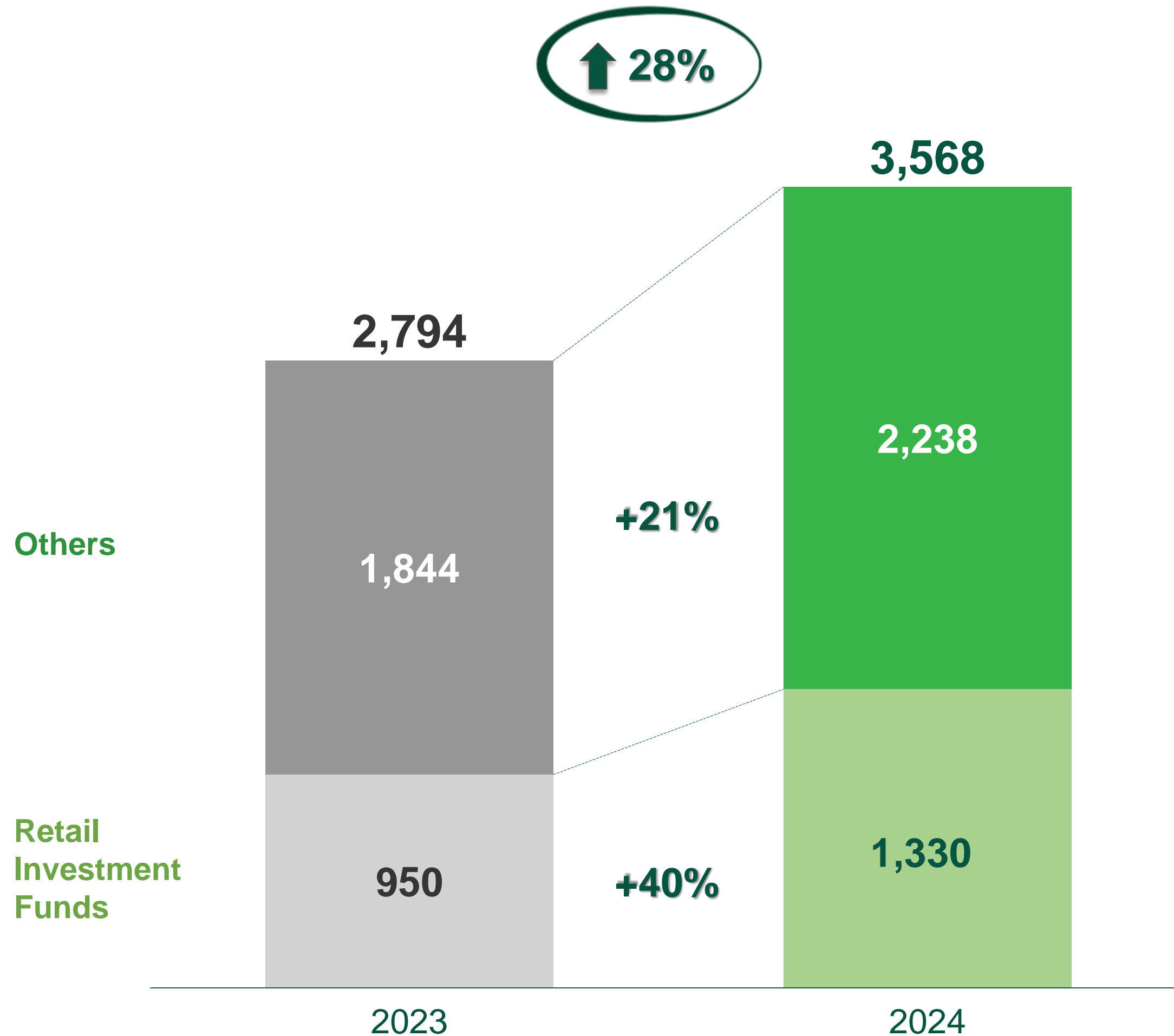


Dividend Per Share (HKD)

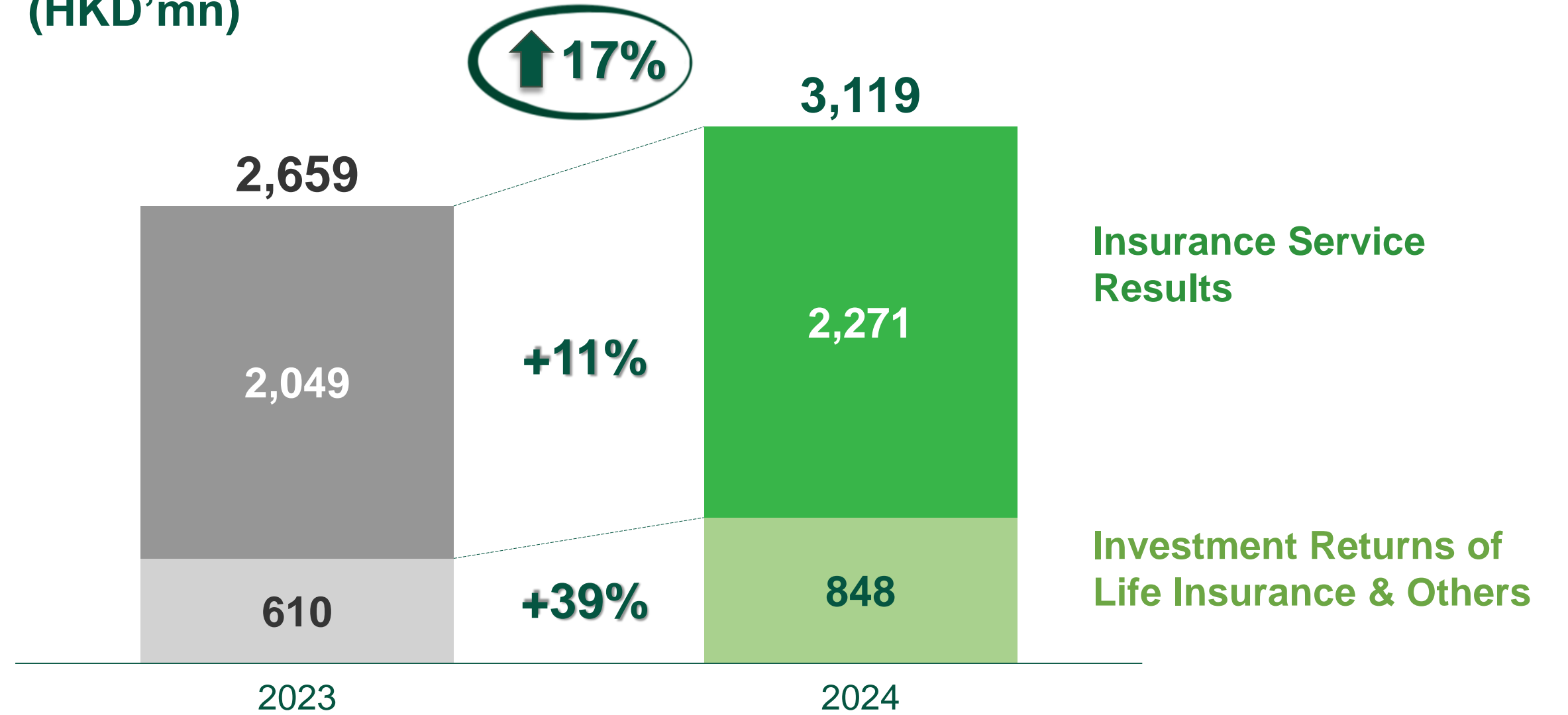


Significant 22% growth in Wealth Management Income

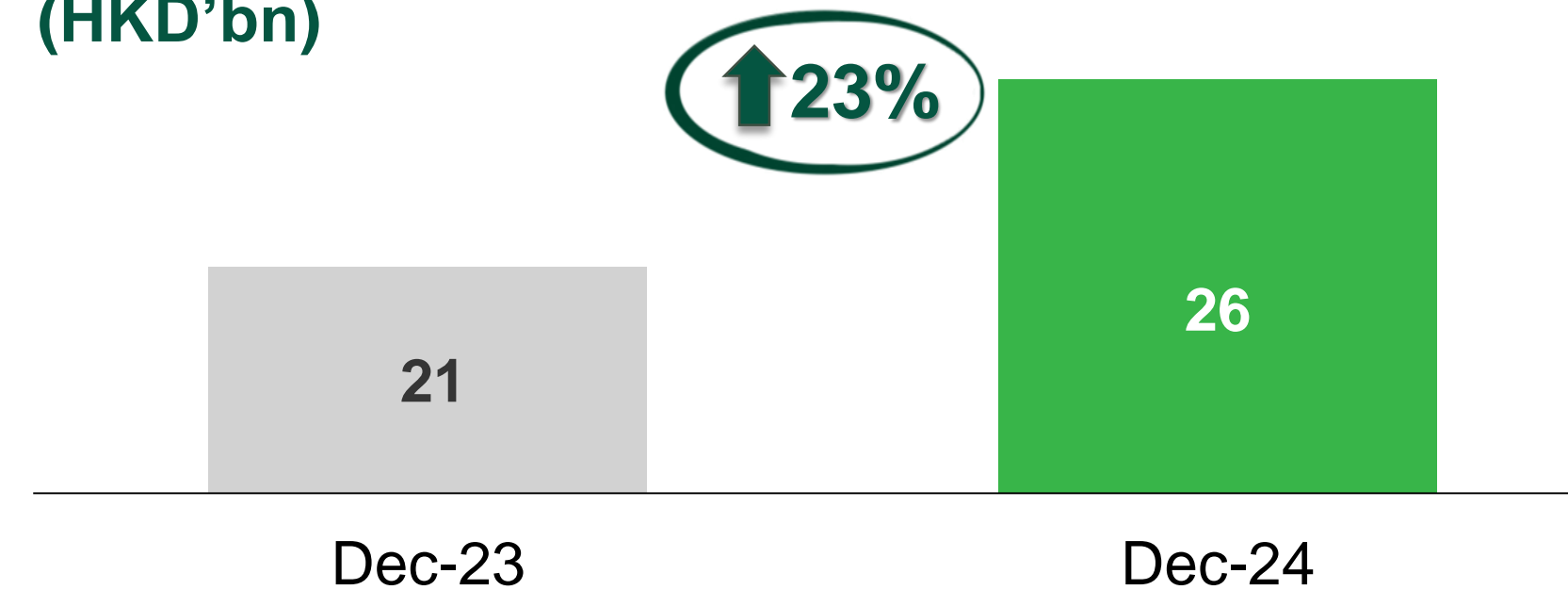
Investment Services Income (HKD'mn)



Life Insurance Related Income (HKD'mn)



Insurance Contractual Service Margin Balance (i) (HKD'bn)

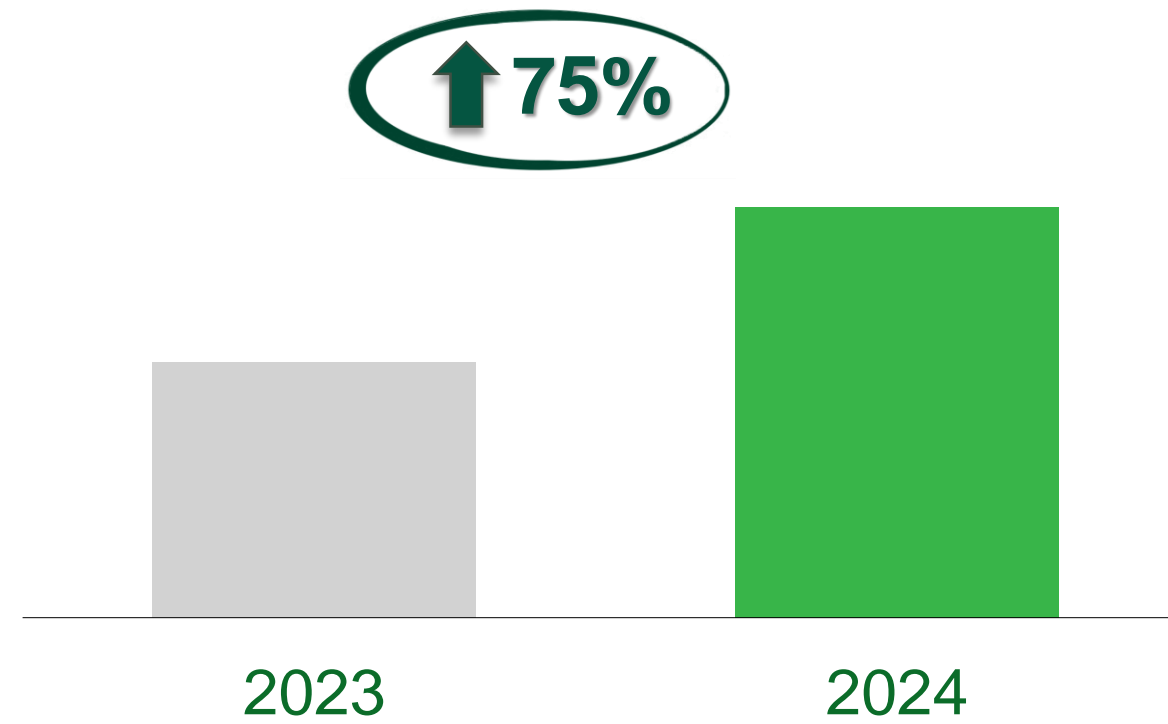


In 3Q24, Hang Seng Insurance's new business premium rose 80%, ranked #2 in the market.

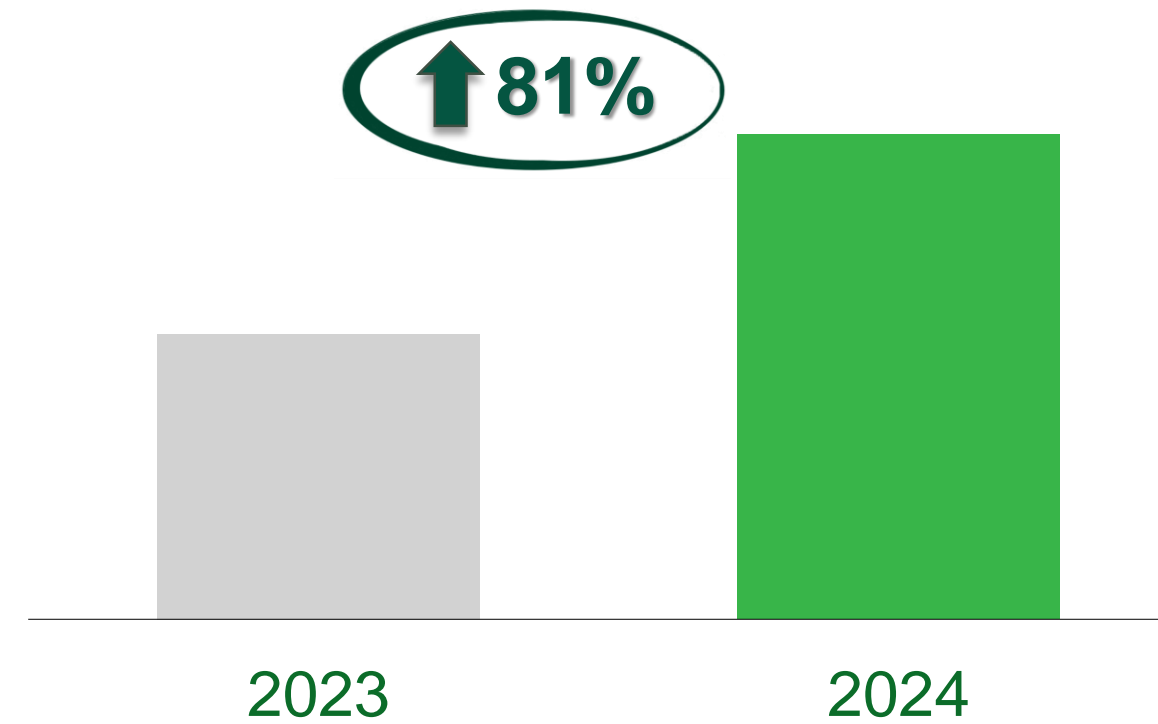
(i) Excluding reinsurance contracts held

Target customer base continues to grow

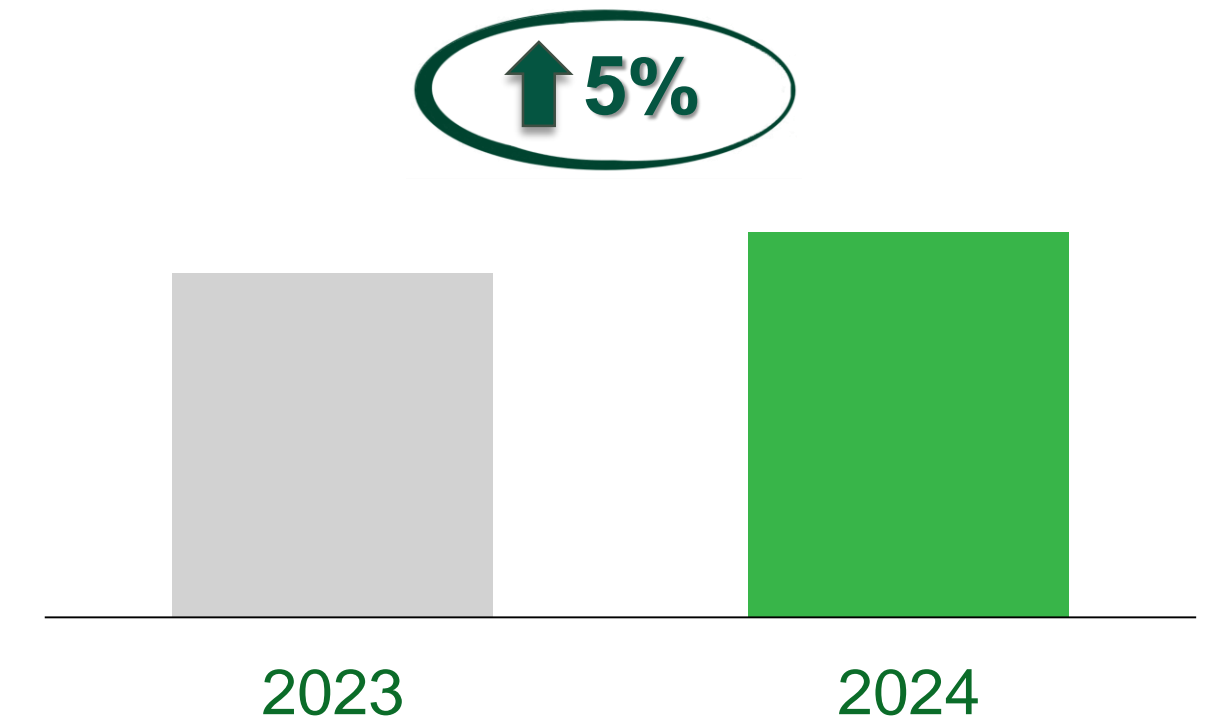
New-To-Bank Affluent Customers



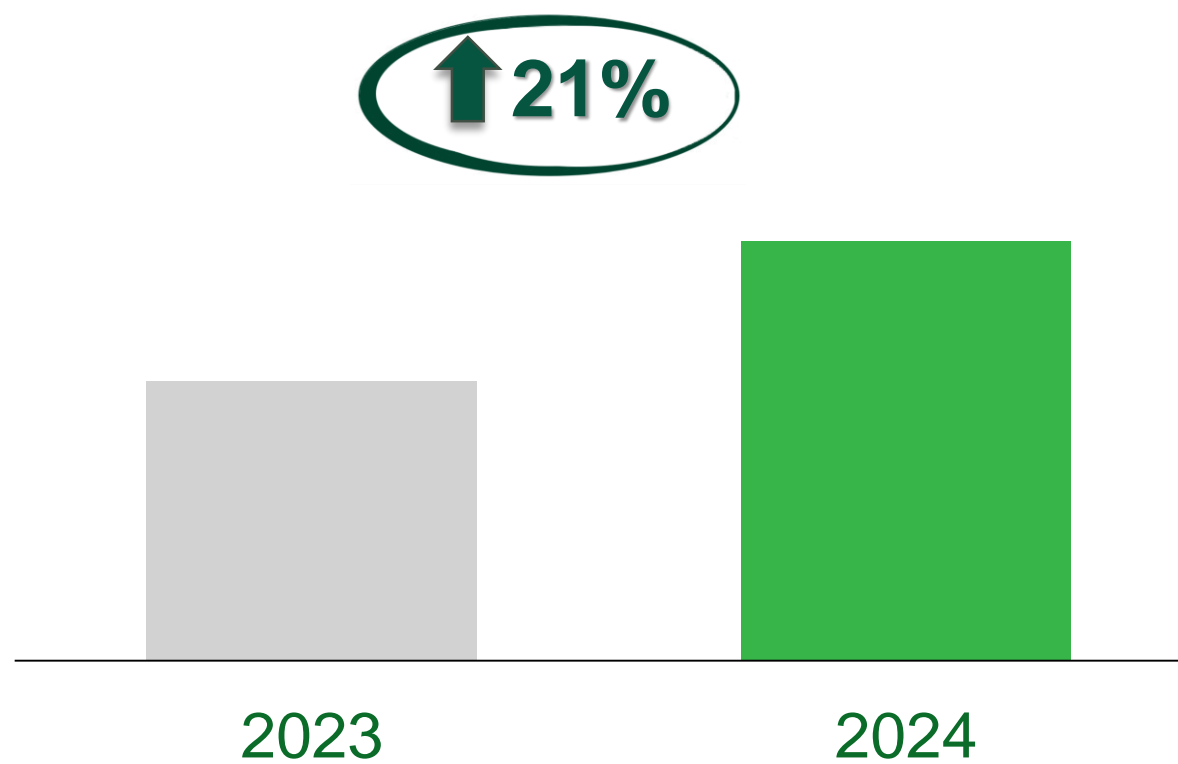
New Account Openings for mainland Customers ⁽ⁱ⁾



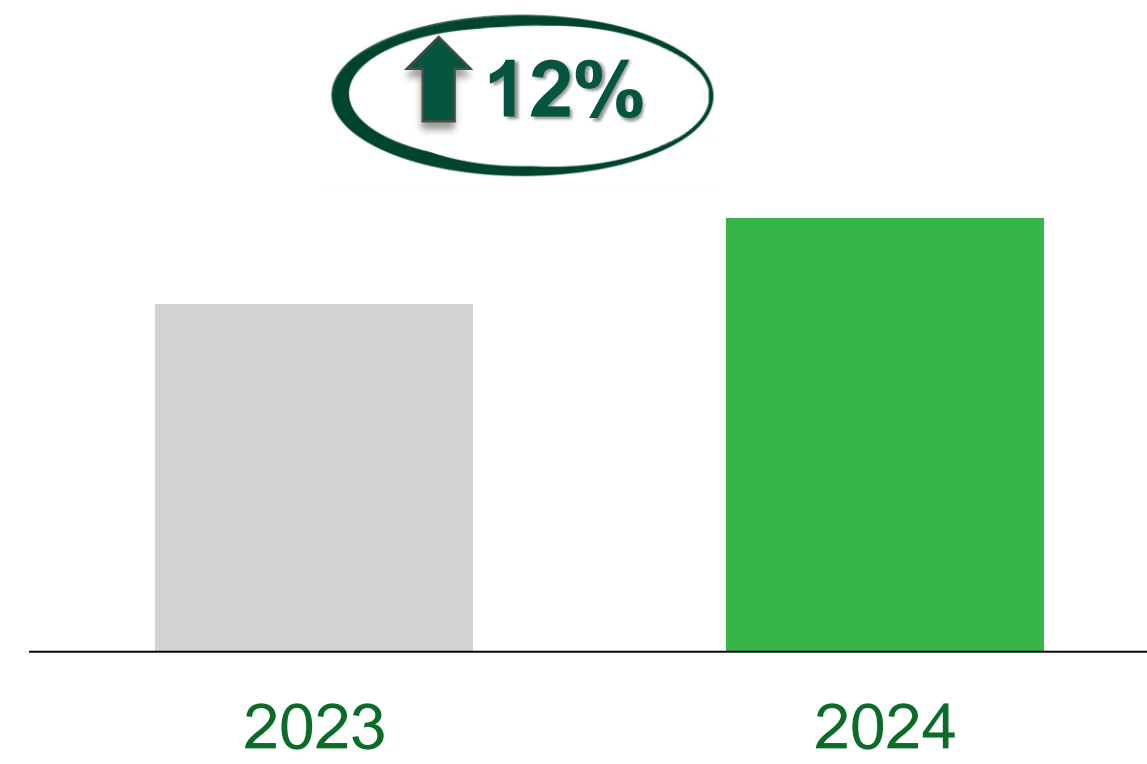
AUM of Hang Seng Investment Management Limited (HSVM) ⁽ⁱⁱ⁾



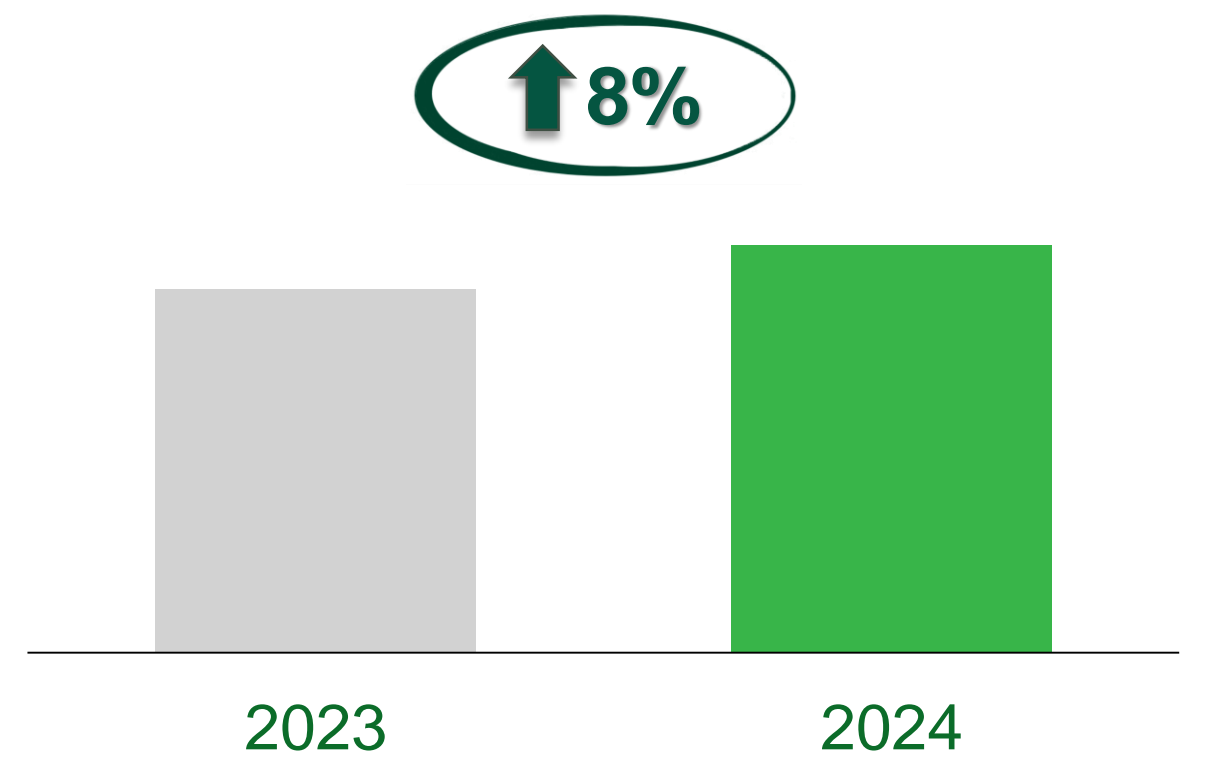
FX Customers for WPB



Mobile-Active Customers



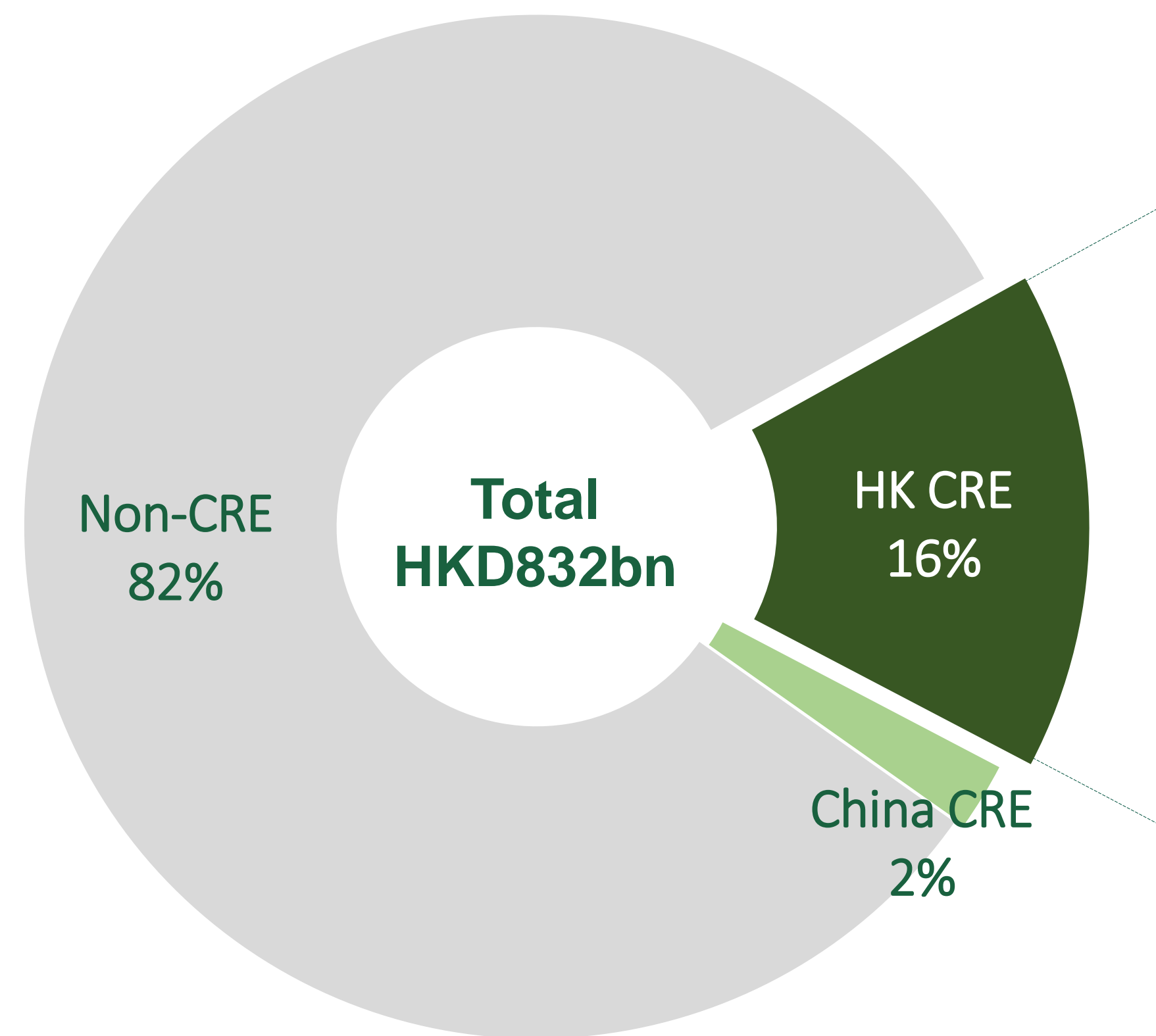
AUM of Tracker Fund of Hong Kong (TraHK) ⁽ⁱⁱ⁾



(i) Represent HK retail customers from mainland China; (ii) AUM represent Assets Under Management

Stable HK CRE asset quality backed by strong collateral

Gross Loan and Advances (31 Dec 2024)



HKD131bn

Secured
~2/3 of total

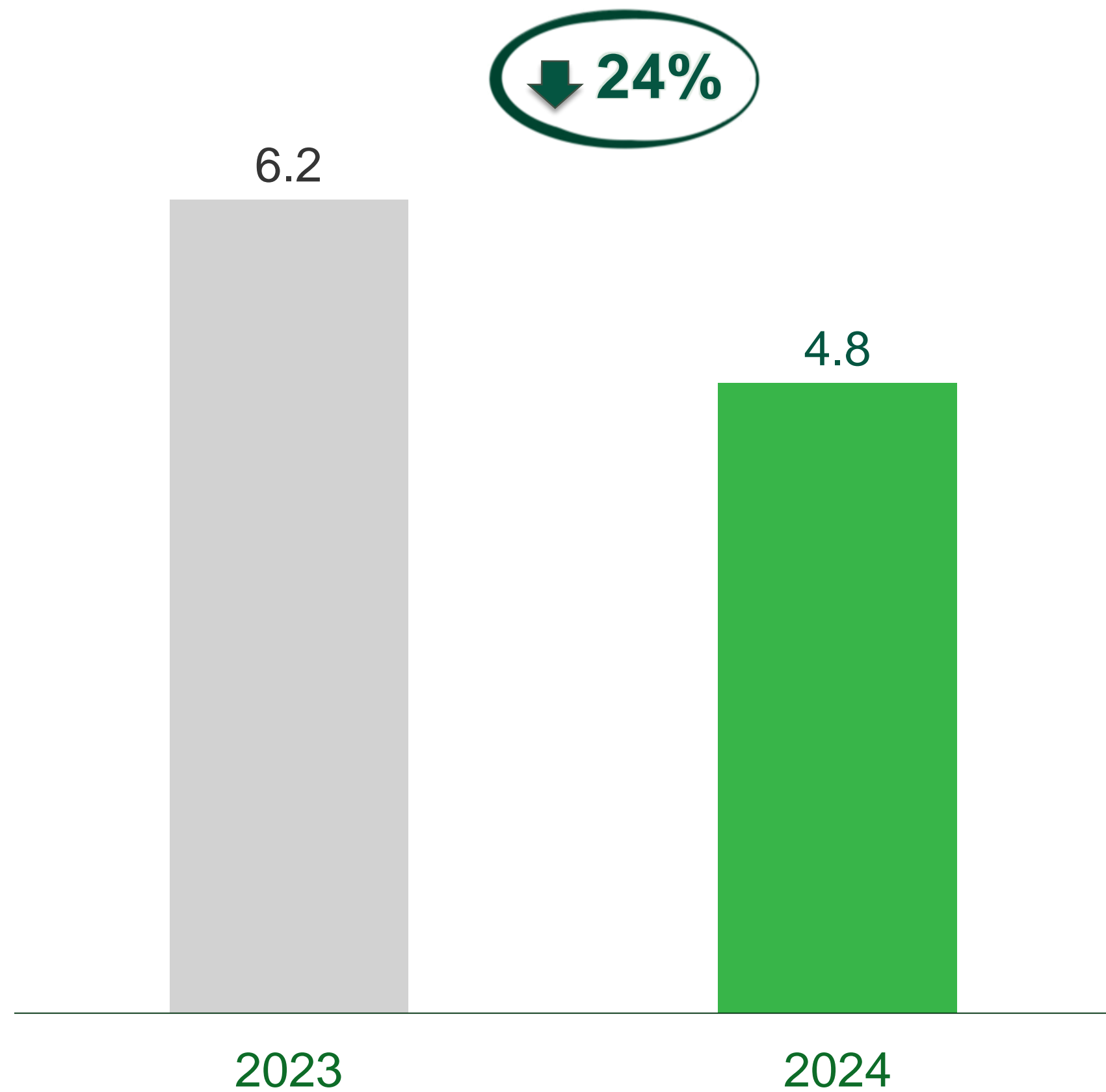
- Reasonable collateral coverage:
 - Average LTV of sub-standard exposures was below 50%
 - Average LTV of impaired exposures was around 60%
- Collateral coverage remained stable over last 6 month

Unsecured
~1/3 of total

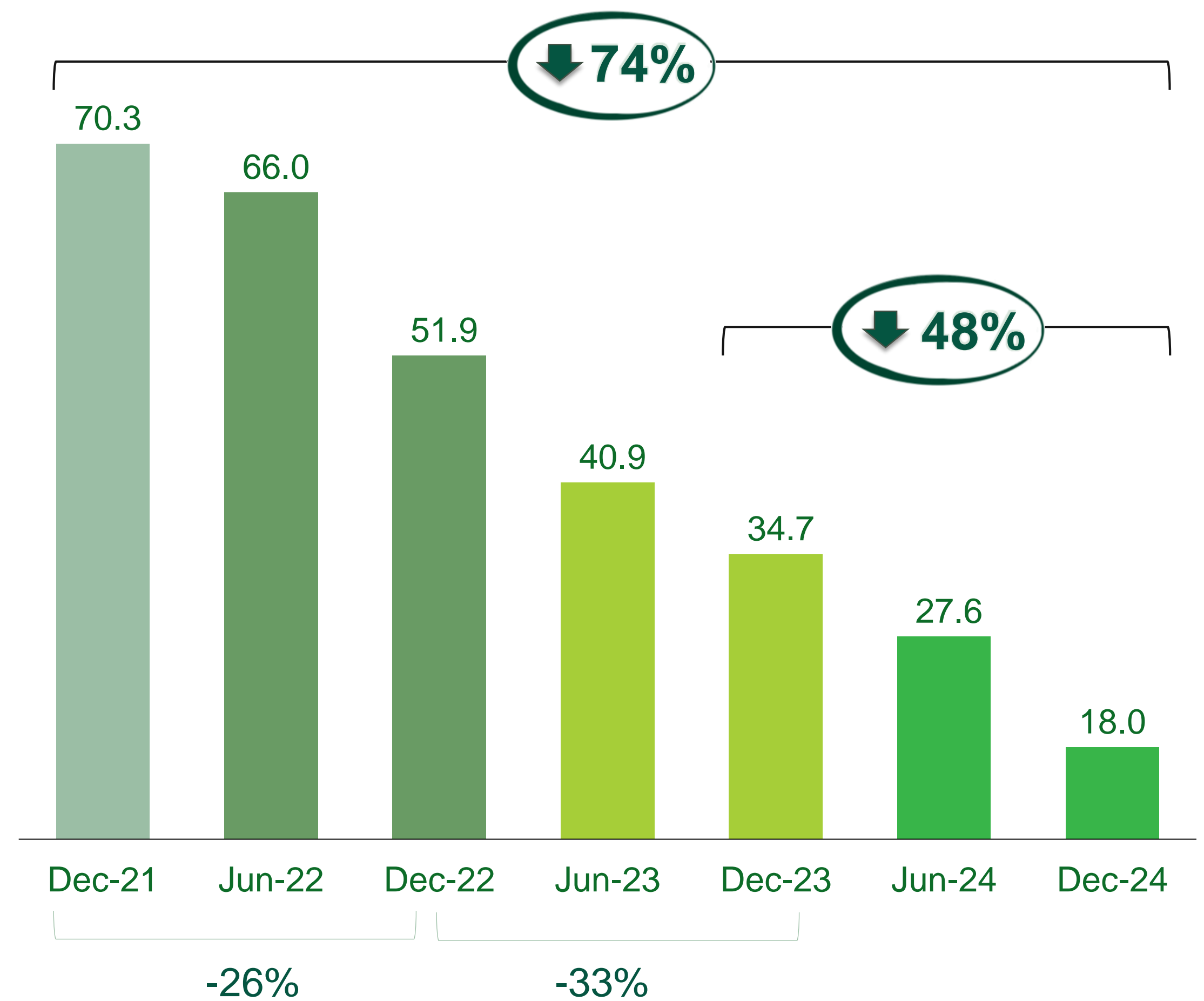
- Majority are strong listed developers with diversified cashflows
- Above 90% of exposures are of investment grade

Notable reduction in ECL and mainland China CRE Exposure

ECL Charge to P&L (HKD'bn)



Mainland China CRE Exposure (HKD'bn)



Resilient financials generate sustainable capital return

HKD'Mn	2024	2023	Change
Net interest income	30,784	32,295	5% ▼
-Net interest margin (%)	2.20%	2.30%	10 bps ▼
-Average interest-earning assets	1,396,927	1,406,183	1% ▼
Non-interest income	10,753	8,527	26% ▲
Net operating income before change in ECL	41,537	40,822	2% ▲
Change in ECL	4,773	6,248	24% ▼
Net operating income	36,764	34,574	6% ▲
Operating expenses	15,193	14,624	4% ▲
Operating profit	21,558	19,946	8% ▲
-excl. change in ECL	26,331	26,194	1% ▲
Profit before tax	21,014	20,105	5% ▲
Profit attributable to shareholders	18,379	17,848	3% ▲
Earnings per share (HK\$)	9.33	8.97	4% ▲
Dividends per share (HK\$)	6.80	6.50	5% ▲
Cost efficiency ratio (%)	36.6%	35.8%	0.8 p.p. ▲
HKD'Bn	Dec-24	Dec-23	Change
Gross advances	832	874	5% ▼
Customer deposits (incl. structured deposits)	1,267	1,181	7% ▲

▲ ▼ Favourable ▲ ▼ Unfavourable

- **Increase in Non-Interest Income more than offsets decrease in Net Interest Income**
 - Non-interest income up 26% YoY
 - Non-interest income / TOI up to 26% (from 21% in 2023)
- **HK\$15.8bn Total Shareholders Distribution in 2024**, i.e. 86% of 2024 Attributable Profit to shareholders
- Full Year total **dividend distribution increased by c.5% YoY** to HK\$6.80 per share

Strong capital and liquidity positions

	Dec-24	Dec-23	Change
Gross impaired advances as percentage of gross advances	6.12%	2.83%	3.3 p.p. ▲
Advances-to-deposits ratio	64.7%	72.9%	-8.2 p.p. ▼

	2024	2023	Change
Return on average ordinary shareholders' equity	11.3%	11.3%	0 p.p. ◀▶
Return on average total assets	1.1%	1.0%	0.1 p.p. ▲

	Dec-24	Dec-23	Change
Capital ratio			
Common Equity Tier 1 capital ratio	17.7%	18.1%	-0.4 p.p. ▼
Tier 1 capital ratio	19.4%	19.9%	-0.5 p.p. ▼
Total capital ratio	20.8%	21.4%	-0.6 p.p. ▼
Liquidity Coverage Ratio	301.0%	260.7%	40.3 p.p. ▲

Appendix 1 – Segment results

HKD'mn	WPB			CMB			GB			GM			Other		
	2024	2023	YoY	2024	2023	YoY	2024	2023	YoY	2024	2023	YoY	2024	2023	YoY
Net interest income	16,972	17,324	-2%	8,762	9,364	-6%	2,698	2,709	0%	1,804	1,162	55%	548	1,736	-68%
Other Operating Income	7,292	6,316	15%	1,464	1,338	9%	293	268	9%	1,410	1,251	13%	294	(646)	-146%
Net operating income <i>- before change in ECL & other credit impairment charges</i>	24,264	23,640	3%	10,226	10,702	-4%	2,991	2,977	0%	3,214	2,413	33%	842	1,090	-23%
Operating Profit <i>- before change in ECL & other credit impairment charges</i>	15,181	14,998	1%	6,617	7,106	-7%	2,143	2,191	-2%	2,475	1,673	48%	(85)	226	-138%
Change in ECL & other credit impairment charges	577	805	-28%	3,926	4,664	-16%	270	783	-66%	-	(4)	-100%	-	-	NA
Operating Profit	14,604	14,193	3%	2,691	2,442	10%	1,873	1,408	33%	2,475	1,677	48%	(85)	226	-138%
Profit Before Tax	14,643	14,386	2%	2,691	2,442	10%	1,873	1,408	33%	2,475	1,677	48%	(668)	192	-448%

HKD'bn	WPB			CMB			GB			GM			Other		
	Dec-24	Dec-23	YoY	Dec-24	Dec-23	YoY	Dec-24	Dec-23	YoY	Dec-24	Dec-23	YoY	Dec-24	Dec-23	YoY
Gross advances	386	400	-3%	259	278	-7%	184	196	-6%	2	-	NA	-	-	NA
Customer deposits, including structured deposits	948	868	9%	270	256	6%	49	57	-15%	-	-	NA	-	-	NA

Appendix 2 – Mainland China CRE exposure

HKD'mn	As at Dec 2024			As at Dec 2023		
	HK	Mainland China	Total	HK	Mainland China	Total
Distribution of mainland China CRE exposure by credit quality						
- Strong	94	1,137	1,231	1,151	392	1,543
- Good	755	1,046	1,801	1,807	3,157	4,964
- Satisfactory	776	3,245	4,021	2,690	5,889	8,579
- Sub-standard	983	409	1,392	4,169	1,070	5,239
- Credit-impaired	8,367	1,165	9,532	12,841	1,533	14,374
Total mainland CRE exposure	10,975	7,002	17,977	22,658	12,041	34,699
Allowance by ECL by credit quality						
- Strong	-	2	2	-	1	1
- Good	-	6	6	1	17	18
- Satisfactory	1	48	49	14	66	80
- Sub-standard	196	158	354	224	239	463
- Credit-impaired	3,101	393	3,494	6,407	479	6,886
Total	3,298	607	3,905	6,646	802	7,448
Allowance by ECL by stage						
- Stage 1	-	26	26	2	47	49
- Stage 2	197	188	385	237	276	513
- Stage 3	3,047	393	3,440	6,407	479	6,886
- POCI	54	-	54	-	-	-
Total	3,298	607	3,905	6,646	802	7,448
ECL coverage %	30.1%	8.7%	21.7%	29.3%	6.7%	21.5%

Appendix 3 – HK CRE gross loans and advances

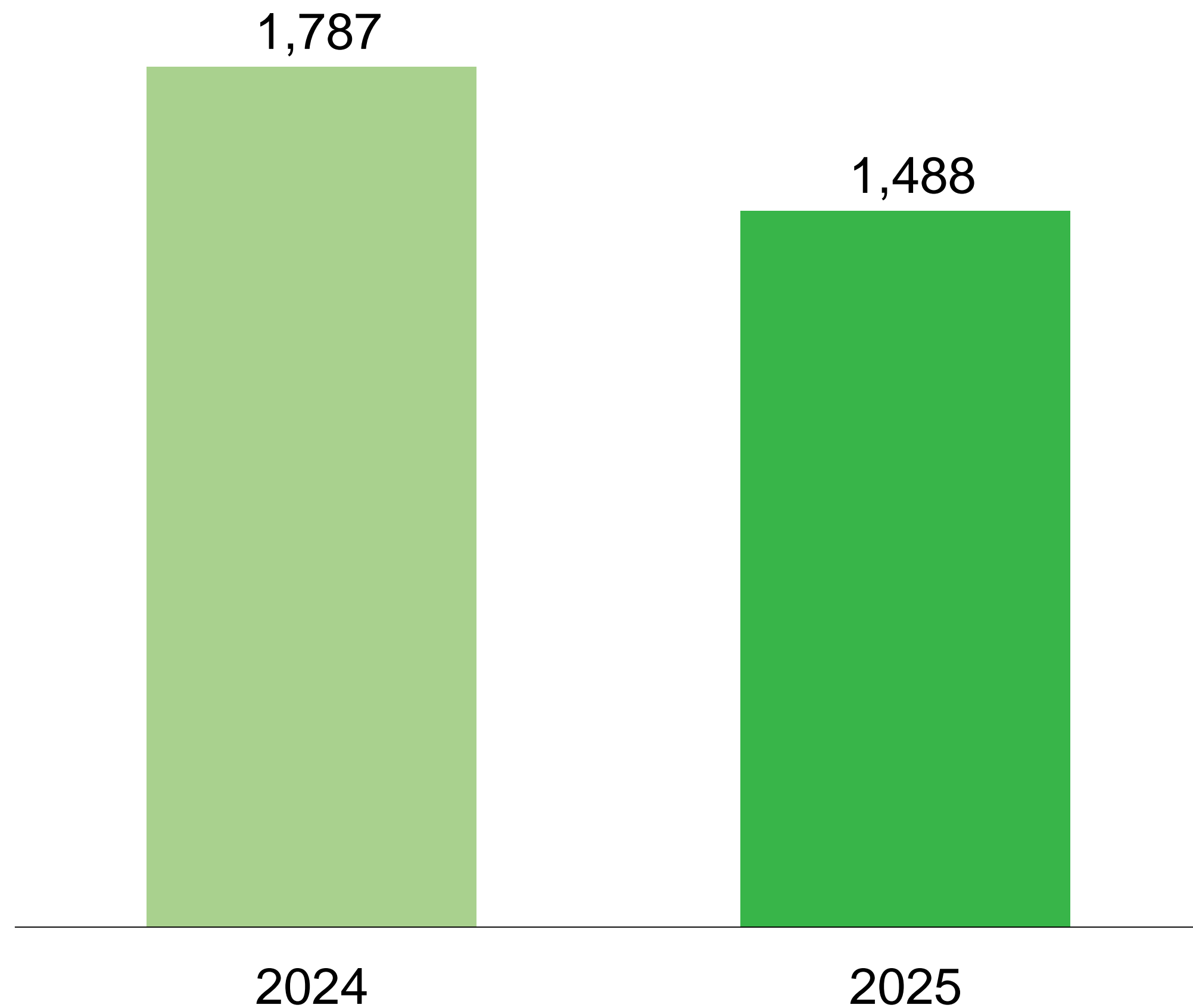
HKD'mn	Dec-24	Dec-23
Gross loans and advances to customers by stage		
- Stage 1	81,274	90,383
- Stage 2	29,438	46,549
- Stage 3	19,806	1,081
Total	130,518	138,013
Allowance for ECL	1,654	1,245
Gross loans and advances to customers by credit quality		
- Strong	20,161	22,605
- Good	33,911	36,974
- Satisfactory	39,880	63,308
- Sub-standard	16,760	14,045
- Credit-impaired	19,806	1,081
Total	130,518	138,013

Note: CRE lending booked in Hong Kong and not fall under the China CRE sector.

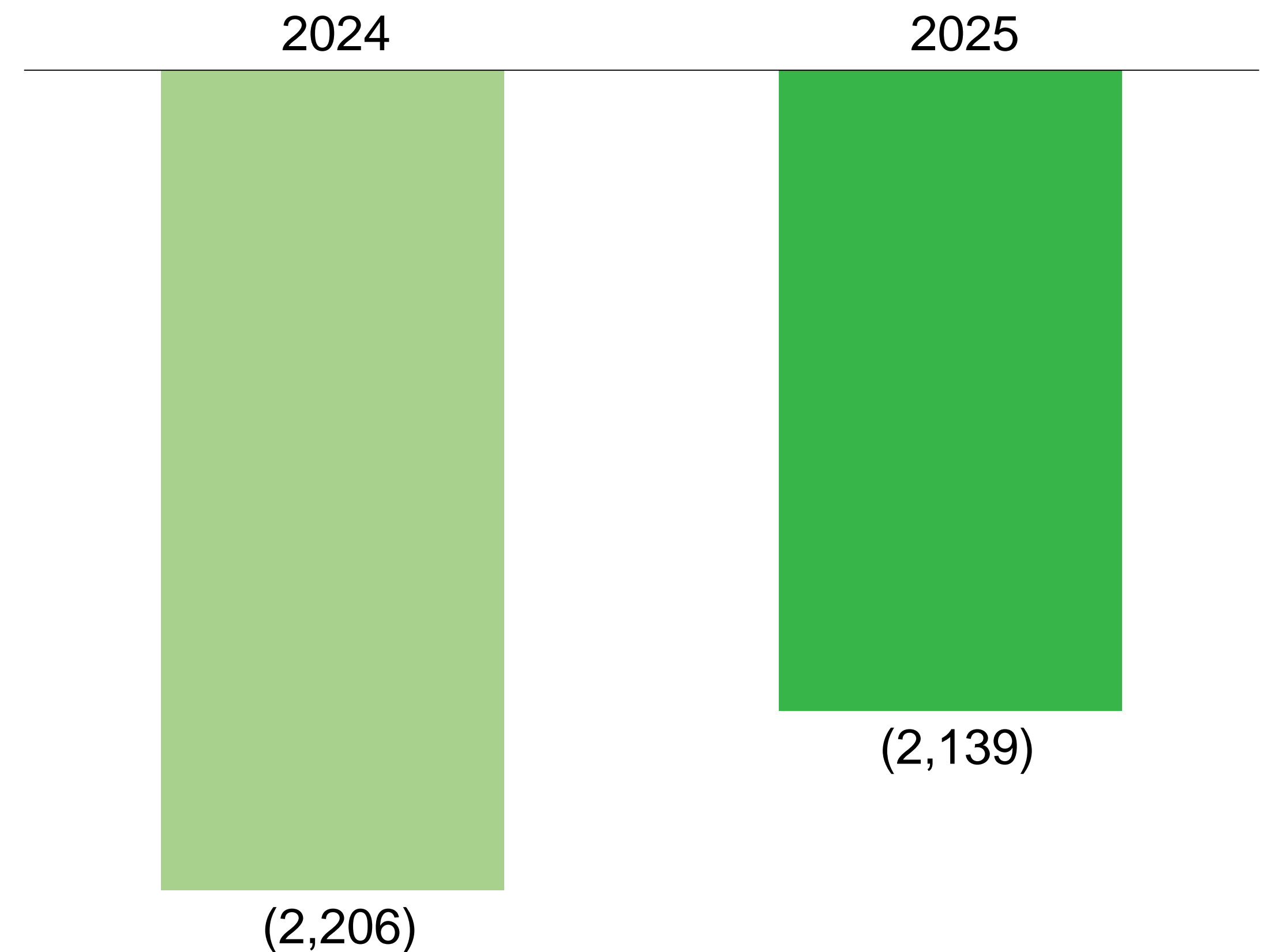
It is based on the business nature of clients and differs from the loan use purpose definition.

Appendix 4 – NII Sensitivity

**Change in Expected Net Interest Income –
100 bp Parallel Increase in Interest Rate
(HKD'mn)**

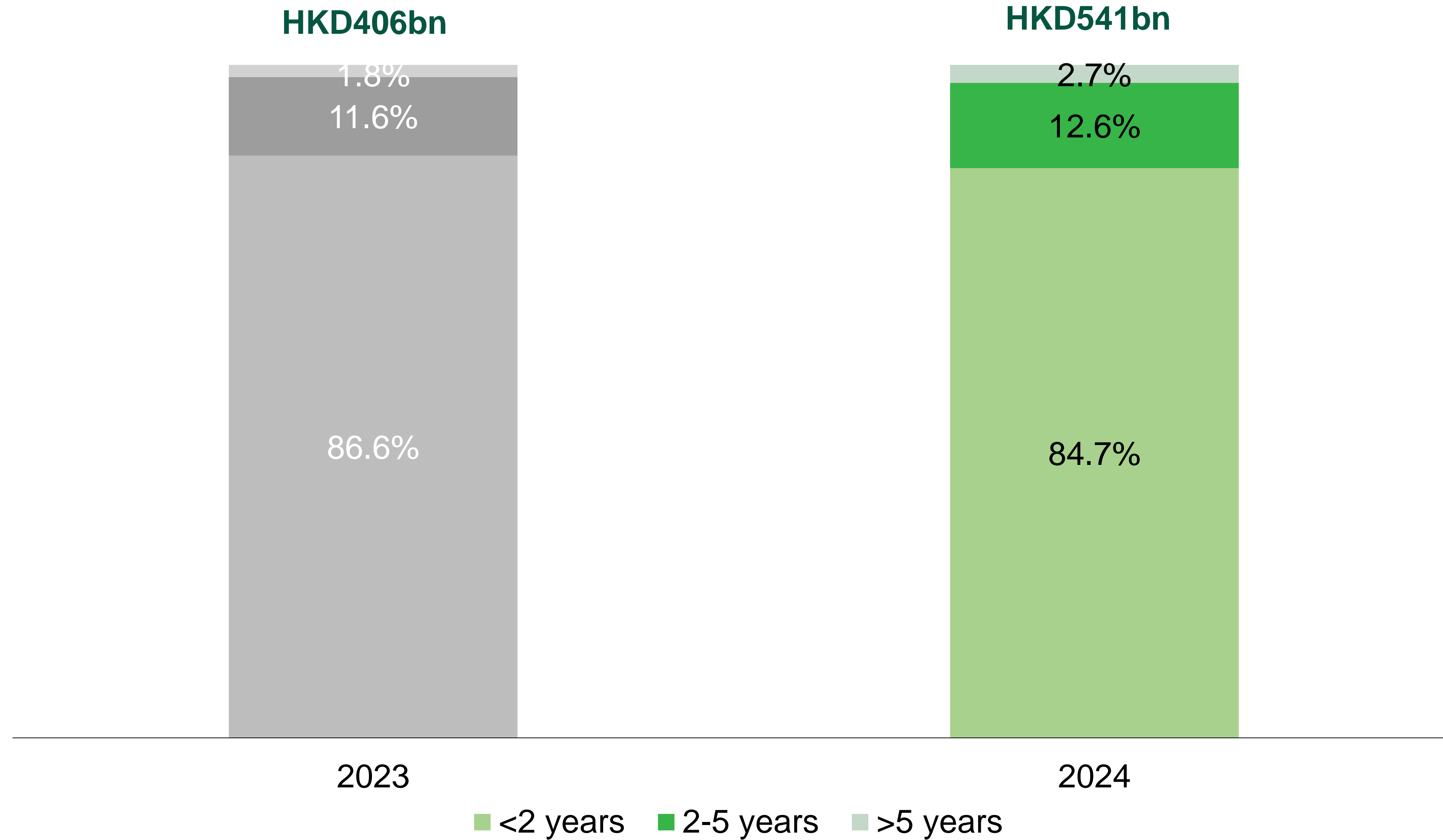


**Change in Expected Net Interest Income –
100 bp Parallel Decrease in Interest Rate
(HKD'mn)**



Key assumptions: (1) Static balance sheet size and structure. (2) No management action by market treasury and businesses.

Appendix 5- Maturity analysis of financial investments



Appendix 6 – 2H 2024 Capital walk

CET1 ratio

