

grew impressively by 43.7% in 2000. The securities trading volume increased by 77.2% and our market share rose. Hang Seng was among the first batch of brokers to offer straight-through securities trading when AMS/3 became available.

Investment fund subscription rose by 44.5%. Funds managed under the Hang Seng Investment Series had grown by 17.9% to HK\$4.0 billion by the year-end and sale of the Series was extended to Macau. Since the start of 2000, six new sub-funds have been created under the Series, including two in February 2001, bringing the total to 19.

Hang Seng Life, a joint venture between Hang Seng Bank and HSBC, was the fastest growing life insurer in Hong Kong in 2000 in terms of annualised new premiums, according to the Hong Kong Federation of Insurers. Annualised new premiums for life insurance grew by 51.0%.

A significant market share was achieved in sales of provident fund products for the implementation of the government's Mandatory Provident Fund (MPF) scheme. We have enrolled over 160,000 employees, exceeding our target. MPF services are available online for both employers and employees.

Our credit card base grew substantially, by 25.2%, to over 875,000 in 2000. Credit card advances increased by 23.7% to HK\$4.7 billion and cardholder spending rose by 25.6% to HK\$15.4 billion, reflecting the improvement in consumer sentiment.

Our commercial banking business, which focuses on small and medium-sized enterprises (SMEs), recorded satisfactory growth as lending to the SME sector grew by 6.7%. Trade finance rose by 2.6% and our market share increased. The product suite for SMEs was widened with the introduction of factoring, automated banking and IT equipment financing.

We continued to grow in mainland China. Fuzhou Branch, opened in February 2001, joined our network of branches in Guangzhou, Shanghai and Shenzhen and representative offices in Beijing and Xiamen.

Our lending portfolio to Mainland-related entities increased by 4.6% to HK\$10.3 billion and amounted to 4.6% of total advances at the year-end.

The Bank has lodged applications for a RMB licence in Shanghai, to upgrade its Beijing representative office to a branch, and to open a branch in Nanjing. As an initial step in developing our insurance business in the Mainland, the first representative office of Hang Seng Insurance Company Limited is expected to open in Shenzhen in April 2001. Shenzhen Branch has also applied for an insurance trade-related agent licence.

The Bank was an active participant in loan syndication and corporate lending recorded good growth.

In our treasury business, we introduced more structured products and expanded our capabilities in the capital markets. Hang Seng was voted the leading bank in Hong Kong in a regional poll of domestic banks' derivatives operations conducted by *AsiaRisk* magazine. The Bank was bookrunner for more than 104 Hong Kong-dollar capital markets issues totalling HK\$19.1 billion, an increase of 58% in dollar terms over 1999, and was ranked the No. 2 bookrunner for such issues by *basis point*.

## rating upgrades

Hang Seng's strong performance has won recognition from international rating agencies.

In May, Fitch upgraded the Bank's Individual rating from B to A/B – the highest rating for banks in Asia.

In August, Moody's Investors Service upgraded the Bank's long-term local currency deposit rating from A2 to Aa3 and its short-term foreign currency deposit rating from Prime 2 to Prime 1. The Bank's long-term foreign currency deposit rating of A3 and Financial Strength Rating of B were reaffirmed. The foreign currency ratings are the sovereign ceilings for Hong Kong and the Financial Strength Rating is the highest for Moody's-rated Asian banks.

Hang Seng is a trusted name in quality insurance and Mandatory Provident Fund services, providing customers with financial security



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safeguarding  
the future