



CHAIRMAN'S STATEMENT



As a bank with deep local roots and a long-term growth perspective, we are well positioned to capitalise on the opportunities the Greater Bay Area presents. We have already made significant progress. Our commitment to our brand is at the heart of all our decisions. This focus will not change.

As we approach our 90th anniversary in March, we will apply the same determination, creativity and teamwork that have been evident throughout the history of Hang Seng. The celebration is an important milestone and I look forward to continuing our commitment to Hong Kong, our colleagues, our customers and our shareholders.

Recent challenges have demonstrated the importance of creative thinking and working together to find effective solutions. It is likely that this trend will continue and we would like to be on the forefront of initiatives to build an inclusive community to maximise all the talents Hong Kong has to offer.

As a leading international finance and trade centre, our home is a key city in the Greater Bay Area which is already a major global nexus for technological advancement, new-economy business and wealth management services. Year-on-year GDP growth in the region has been about 7% over the past decade, even with the impact of the pandemic. GDP is forecast to reach US\$2.8 trillion by 2027, up almost US\$1 trillion from 2021.

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Transformation

Our strategy last year included building a foundation that will enable us to be an industry innovator that moves beyond conventional ideas. The way we interact with customers and partners is evolving rapidly with new requirements and delivery channels becoming part of day-to-day life. At the same time, banking standards and integrity continue to be fundamental to our credibility. This means that a lot of work has been undertaken to ensure a robust infrastructure is in place to manage risks.

We are working with new-economy start-ups by supporting incubation, sharing business advice and collaborating with them to co-develop fintech services and products. We are also connecting with industry regulators and technology associations to expand the ecosystem and advance the government's Fintech 2025 strategy. For example, we are a leading advocate in the development of central bank digital currency, which will be essential to the Greater Bay Area's future growth as the mainland moves towards becoming one of the world's first cashless economies. Additionally, we are extending our servicing channels to the Metaverse and other virtual spaces to engage with customers and the community.



Our colleagues are at the heart of the Hang Seng brand. We encourage entrepreneurial mindsets and empower staff to work together with customers to develop solutions. The bank-wide Data Literacy Empowerment Programme is an important initiative to future-skill the Hang Seng team. I believe we are well positioned to respond quickly as challenges emerge.

Innovation

The focus on generational wealth has increased partly because of demographics and partly because of a rapidly expanding middle class amongst the Greater Bay Area's 86 million residents. Government authorities on both sides of the boundary are committed to expanding mutual access via various Connect Schemes.

Amongst many initiatives, our appointment as the new manager of The Tracker Fund of Hong Kong last year has reinforced our position as a local leader for wealth management and asset management services. We now manage two of the first four funds made available through the southbound link of the ETF Connect Scheme.

The Hang Seng Indexes Company is developing new indexes that facilitate investment strategies and product development around future mega-themes including technology, climate change and the Metaverse.

Sustainability

We believe that building a sustainable future requires a definition of 'wealth' that is not purely financial.

We are expanding services that will assist customers in their sustainability journey and we are actively participating in collective actions to address climate change. We aim to reduce carbon emissions from our own operations to net zero by 2030. We are also contributing to the HSBC Group's ambitions of becoming net zero in its supply chain by 2030 and aligning the financed emissions in its portfolio of customers to net zero by 2050.

We are proud to have had our actions acknowledged with a Services and Trading – Gold Award in the Hong Kong Awards for Environmental Excellence, which are sponsored by the Government-established Environment and Conservation Fund.

Board of Directors and Senior Management

John Chan and Vincent Lo stepped down as Independent Non-Executive Director and Non-Executive Director of the Bank respectively in 2022 after many years of distinguished service. I wish to reiterate the Board's heartfelt thanks to John and Vincent for their guidance

and contributions to the Bank's long-term success. I also wish to express sincere gratitude to Chiang Lai Yuen, who stepped down as an Independent Non-Executive Director with effect from 1 January 2023, for her wise counsel and contributions during her tenure of office.

We welcomed Cordelia Chung, Patricia Lam, Lin Huey Ru and Wang Xiao Bin as new Independent Non-Executive Directors during 2022. Each is a distinguished leader with recognised expertise in their fields. We are delighted to be benefiting from the new insights and diverse perspectives they bring to the Board. Kenneth Ng was re-designated from a Non-Executive Director to an Independent Non-Executive Director.

I would like to extend my appreciation to Andrew Leung who retired from his position as Chief Financial Officer in September 2022 after 22 years of dedicated service. His deep knowledge of the industry and markets have played an important role in shaping our long-term vision. Picking up the reins, Saw Say Pin has been appointed Chief Financial Officer and Executive Director.

With these changes, 8 of our 12 Board Directors are women.

Growing Together

The challenges of COVID have enabled us to develop deeper relationships with partners, customers and our staff. This collaborative approach will remain.

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Irene Lee

Chairman

21 February 2023