

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The Board



Irene LEE Yun Lien (70)

Independent Non-executive Chairman

Joined the Board since May 2014

Other positions held within Hang Seng Group

[^] Hang Seng Bank Limited

- Chairman of Nomination Committee;
- Member of Audit Committee;
- Member of Risk Committee;
- Member of Remuneration Committee

Other major appointments

[^] Alibaba Group Holding Limited

- Independent Director; Chairwoman of Compliance and Risk Committee; Chairwoman of Nominating and Corporate Governance Committee

Hong Kong Monetary Authority

- Member of The Exchange Fund Advisory Committee

[^] Hysan Development Company Limited

- Executive Chairman; Chairman of Nomination Committee

The Hongkong and Shanghai Banking Corporation Limited

- Independent Non-executive Director; Chairman of Remuneration Committee; Member of Audit Committee; Member of Risk Committee

30% Club HK – Chairman

Past major appointments

[^] HSBC Holdings plc

- Independent Non-executive Director (2015 – 2022)
- Member of Chairman's Committee; Member of Nomination & Corporate Governance Committee (2018 – 2022)
- Member of Group Remuneration Committee (2018 – 2021)

[^] Cathay Pacific Airways Limited

- Independent Non-executive Director (2010 – 2019)
- Chairman of Audit Committee (2015 – 2019)
- Chairman of Remuneration Committee (2012 – 2019)

[^] CLP Holdings Limited

- Independent Non-executive Director; Member of Audit Committee; Member of Finance and General Committee (2012 – 2018)
- Member of Sustainability Committee (2014 – 2018)

[^] Noble Group Limited

- Independent Non-executive Director; Member of Audit Committee; Member of Investment and Capital Markets Committee (2012 – 2017)
- Member of Nominating Committee (2013 – 2017)
- Member of Risk Committee (2014 – 2017)

JP Morgan Australia

- Member of Advisory Council (2005 – 2013)

[^] QBE Insurance Group Limited

- Non-executive Director (2002 – 2013)

ING Bank (Australia) Limited

- Non-executive Director (2005 – 2011)

Australian Government Takeovers Panel

- Member (2001 – 2010)

[^] Commonwealth Bank of Australia

- Head of Corporate Finance (1993 – 1998)

Citicorp Investment Bank Limited in New York, London and Sydney

- Executive Director (1977 – 1987)

Qualifications

Degree of Doctor of Social Science, honoris causa

- The Chinese University of Hong Kong

Bachelor of Arts Degree – Smith College, USA

Barrister-at-Law in England and Wales

Member – The Honourable Society of Gray's Inn, UK



Diana Ferreira CESAR JP (55)

Executive Director and Chief Executive

Joined the Board since September 2021

Other positions held within Hang Seng Group

- [^] **Hang Seng Bank Limited**
 - Chairman of Executive Committee;
 - Member of Nomination Committee
 - Hang Seng Bank (China) Limited**
 - Chairman and Non-executive Director;
 - Member of Nomination Committee
 - Hang Seng Indexes Company Limited**
 - Chairman of Hang Seng Index Advisory Committee
 - Hang Seng Insurance Company Limited**
 - Chairman and Non-executive Director
- Other major appointments**
- Justice of the Peace**
CLAP@JC
 - Convener of the Advisory Committee
 - Financial Services Development Council**
 - Member of Board of Directors; Convener of Human Capital Committee
 - [^] **Great Eagle Holdings Limited**
 - Independent Non-executive Director
 - Hang Seng School of Commerce**
 - Chairman of the Board of Directors
 - Ho Leung Ho Lee Foundation**
 - Member of Board of Trustees
 - Hong Kong Monetary Authority**
 - Member of Financial Infrastructure and Market Development Subcommittee
 - [^] **HSBC Holdings plc** – General Manager
 - The Community Chest of Hong Kong**
 - Board Member; Campaign Committee Co-Chairman;
 - Chairman of Corporate and Employee Contribution Programme Organising Committee; Member of Executive Committee
 - The Hang Seng University of Hong Kong**
 - Chairman of the Board of Governors
 - The Hong Kong Institute of Bankers** – Vice President
 - Treasury Markets Association** – Council Member
 - University Grants Committee** – Member

Past major appointments

- The Hongkong and Shanghai Banking Corporation Limited**
 - Chief Executive Officer, Hong Kong; Member of Executive Committee; Manager under s.72B of Banking Ordinance (2015 – 2021)
 - Head of Retail Banking and Wealth Management, Hong Kong (2011 – 2015)
 - Head of Marketing and Customer Propositions, Retail Banking and Wealth Management, Asia-Pacific (2009 – 2011)
- The Hong Kong Association of Banks**
 - Chairman representing The Hongkong and Shanghai Banking Corporation Limited (2018, 2021)
- Hong Kong Trade Development Council**
 - Council Member (2018, 2021)
- EPS Company (Hong Kong) Limited**
 - Chairman of the Board (2011 – 2016)
- HSBC Broking Services (Asia) Limited** – Director (2011 – 2016)
- HSBC Insurance (Asia) Limited** – Director (2011 – 2016)
- HSBC Life (International) Limited** – Director (2011 – 2016)
- Hubei Suizhou Cengdu HSBC Rural Bank Company Limited**
 - Director (2014 – 2015)

Qualifications

- Bachelor of Arts in Commerce and Social Sciences
 - University of Toronto
- Honorary Certified Banker
 - The Hong Kong Institute of Bankers

[^] The securities of these companies are listed on a securities market in Hong Kong or overseas.



Cordelia CHUNG (64)

Independent Non-executive Director

Joined the Board since February 2022

Other positions held within Hang Seng Group

^ Hang Seng Bank Limited

- Chairman of Remuneration Committee;
- Member of Nomination Committee

Other major appointments

Arup Group Limited

- Independent Non-executive Director; Member of Assurance Committee; Member of Leadership Appointments Committee; Member of Risk Committee

City University of Hong Kong – Member of the Court

^ HKBN Ltd. (Note 1)

- Independent Non-executive Director; Member of Nomination Committee; Member of Remuneration Committee

Human Resources Planning Commission of HKSAR Government

- Member

^ Hysan Development Company Limited

- Independent Non-executive Director; Member of Nomination Committee; Member of Remuneration Committee

Maryknoll Convent School Foundation Limited – Chairman

Raymond T. Y. Chan, Victoria Chan & Co. – Consultant

Past major appointments

Hong Kong Science and Technology Parks Corporation

- Non-executive Director; Chairman of Investment Committee; Vice Chairman of Business Development and Admission Committee; Member of Projects and Facilities Committee; Member of Senior Staff Administration Committee; Member of Re-industrialisation Advisory Committee (2017 – 2023)

Research Grants Council of HKSAR Government

- Member (2017 – 2023)

Grosvenor Asia Pacific Limited

- Non-executive Director (2020 – 2022)

Arup Group Limited

- Member of Nomination Committee (2020 – 2022)

Dalian Committee of the Chinese People's Political Consultative Conference

- Member (2008 – 2021)

Office of the Privacy Commissioner for Personal Data, Hong Kong

- Member of Personal Data (Privacy) Advisory Committee (2015 – 2021)

Singapore University of Technology and Design

- Trustee of the Board; Chairman of Promotion and Development Committee; Member of Audit and Risk Committee (2012 – 2021)

^ LIXIL Corporation

- Managing Director, Corporate Strategy (2015 – 2019)

IBM China/Hong Kong Limited

- Various senior positions including Regional General Manager of IBM ASEAN; General Manager of IBM Hong Kong and Macau; Member of Global Strategy Committee (1991 – 2015)

Qualifications

Bachelor of Laws (Hons) – The University of Hong Kong



Kathleen GAN Chieh Huey (49)

Non-executive Director

Joined the Board since May 2019

Other major appointments

^ HSBC Holdings plc

- General Manager;
- Head of Finance, Global Businesses, DBS and Functions (Note 1)

Past major appointments

^ HSBC Holdings plc – Head of Finance (2019 – 2023) (Note 1)

HSBC INSN (Non Operating) Pte. Ltd.

(formerly known as HSBC Insurance (Singapore) Pte. Limited)

- Non-executive Director; Chairman of Risk Committee;
- Member of Audit Committee (2022 – 2023)

HSBC Life (Singapore) Pte. Ltd.

(formerly known as AXA Insurance Pte. Ltd.)

- Non-executive Director; Chairman of Risk Committee;
- Member of Audit Committee (2022 – 2023)

HSBC Bank (China) Company Limited – Supervisor (2017 – 2022)

HSBC Global Services Limited – Director (2019 – 2022)

HSBC Asia Holdings Limited – Director (2018 – 2020)

The Hongkong and Shanghai Banking Corporation Limited

- Alternate Chief Executive (2016 – 2020)
- Chief Financial Officer, Asia Pacific (2015 – 2019)
- Global Chief Financial Officer, Global Commercial Banking (2010 – 2015)
- Global Chief Risk Officer, Global Commercial Banking (2011 – 2014)

HSBC Asia Pacific Holdings (UK) Limited – Director (2015 – 2019)

HSBC Insurance (Asia) Limited – Director (2015 – 2019)

HSBC Insurance (Asia-Pacific) Holdings Limited

- Director (2016 – 2019)

HSBC Life (International) Limited – Director (2015 – 2019)

HSBC Securities Investments (Asia) Limited – Director (2015 – 2019)

HSBC North America Holdings Inc

- Executive Vice President, Chief Operating Officer – North America Finance (2008 – 2010)

Qualifications

Bachelor's Degree (Honors) in Business

– Nanyang Technological University, Singapore

Henry Crown Fellow – The Aspen Institute, USA



Clement KWOK King Man (64)

Independent Non-executive Director

Joined the Board since May 2021

Other positions held within Hang Seng Group

[^] Hang Seng Bank Limited – Chairman of Audit Committee

Other major appointments

Faculty of Business and Economics of The University of Hong Kong
– Member of International Advisory Council

[^] The Hongkong and Shanghai Hotels, Limited

– Managing Director and Chief Executive Officer

World Travel & Tourism Council – Council Member

Past major appointments

Financial Reporting Council – Honorary Adviser (2017 – 2021)

[^] Orient Overseas (International) Limited

– Independent Non-executive Director (2015 – 2018)

[^] Swire Pacific Limited

– Independent Non-executive Director (2002 – 2015)

Harbourfront Commission

– Non-official member (Individuals) (2010 – 2013)

Securities and Futures Appeals Tribunal – Member (2003 – 2009)

Securities and Futures Commission

– Member of Takeovers and Mergers Panel (2003 – 2009)

International Accounting Standards Board

– Member of Interpretations Committee (2002 – 2007)

[^] MTR Corporation Limited – Finance Director (1996 – 2002)

Hang Seng Indexes Company Limited

– Member of Hang Seng Index Advisory Committee (1997 – 2000)

The Stock Exchange of Hong Kong Limited

– Member of Listing Committee (1994 – 1996)

Schroders Asia – Director and Head of Corporate Finance (1986 – 1996)

Barclays de Zoete Wedd Limited, United Kingdom

– Manager, Corporate Finance Division (1984 – 1986)

PricewaterhouseCoopers, United Kingdom

– Chartered Accountant (1980 – 1984)

Qualifications

Fellow – The Hong Kong Management Association

Member – Institute of Chartered Accountants in England and Wales

Member – Hong Kong Institute of Certified Public Accountants

Bachelor of Science in Economics

– The London School of Economics, UK

Major awards

Chevalier de l'Ordre National de la Légion d'Honneur (2015)



Patricia LAM Sze Wan (57)

Independent Non-executive Director

Joined the Board since July 2022

Other positions held within Hang Seng Group

[^] Hang Seng Bank Limited

– Member of Nomination Committee;

Member of Remuneration Committee

Other major appointments

[^] Dickson Concepts (International) Limited

– Independent Non-executive Director;

Member of Nomination Committee

Hang Seng School of Commerce – Director

[^] MGM China Holdings Limited

– Independent Non-executive Director; Chairperson of

Remuneration Committee; Member of Nomination,

Environmental, Social and Governance Committee

Patti Wong & Associates Limited – Co-Founder and Partner; Director

The Hang Seng University of Hong Kong – Governor

Past major appointments

Sotheby's Inc.

– Senior International Chairman (March 2022 – January 2023)

Sotheby's Hong Kong Limited

– Chairman of Sotheby's Asia (2004 – 2022)

Chairman of Sotheby's Diamonds (2005 – 2022)

Various positions including Head of Private Client Services

Department (1991 – 2005)

Qualifications

Post Graduate Diploma in Asian Arts

– Sotheby's School of Oriental and African Studies,

The University of London, UK

Bachelor's Degree in Monetary Economics

– The London School of Economics, UK

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David LIAO Yi Chien (51)

Non-executive Director

Joined the Board since September 2021

Other positions held within Hang Seng Group

[^] **Hang Seng Bank Limited** – Member of Nomination Committee

Other major appointments

[^] **Bank of Communications Co., Ltd.**

– Non-executive Director; Member of Personnel and Remuneration Committee

Hong Kong General Chamber of Commerce

– Member of General Committee

Hong Kong Monetary Authority

– Member of The Exchange Fund Advisory Committee

[^] **HSBC Holdings plc**

– Group Executive; Member of Group Executive Committee; Member of Group People Committee; Member of Group Risk Management Meeting; Member of Holdings Asset and Liability Committee

The Hongkong and Shanghai Banking Corporation Limited

– Executive Director; Co-CEO; Co-Chair of Executive Committee; Member of Asset, Liability and Capital Management Committee; Member of Chairman’s Committee; Member of Risk Management Meeting

Past major appointments

HSBC Global Asset Management Limited

– Director (2021 – 2022)

HSBC Jintrust Fund Management Company Limited

– Supervisor (2017 – 2022)

The Hongkong and Shanghai Banking Corporation Limited

– Alternate Chief Executive (2020 – 2021)

HSBC Bank (China) Company Limited

– Director; Chief Executive Officer; Member of Nomination Committee; Chairman of Executive Committee (2015 – 2020)

HSBC Bank (Taiwan) Limited – Advisor (2015 – 2018)

Hubei Suizhou Chengdu HSBC Rural Bank Company Limited

– Chairman (2015 – 2016)

Qualifications

Bachelor’s Degree (Honours) in Arts – The University of London, UK



LIN Huey Ru (48)

Independent Non-executive Director

Joined the Board since July 2022

Other positions held within Hang Seng Group

[^] **Hang Seng Bank Limited** – Member of Risk Committee

Other major appointments

GGV Capital Pte. Ltd. – Venture Partner

Nium Pte. Ltd. – Independent Non-executive Director

[^] **Singapore Exchange Limited**

– Non-Executive and Independent Director; Member of Risk Management Committee

Terraformation Inc. – Special Project Advisor

Past major appointments

PayU Payments Private Limited, the Payments and Fintech Division of [^] **Prosus**

– Member of FinTech Advisory Board (2019 – 2023)

Monetary Authority of Singapore

– Member of International Technology Advisory Panel (2021 – 2023)

Grabtaxi Holdings Private Limited, a subsidiary of [^] **Grab Holdings Limited**

– Advisor to Senior Management (2021 – 2022)

Flexport, Inc. – President, Flexport Asia Ltd. (2018 – 2020)

[^] **Affirm, Inc.** – Chief Operating Officer (2012 – 2018)

Children’s Council of San Francisco

– Member of Board of Directors (2016 – 2018)

[^] **PayPal Holdings, Inc.**

– Various positions including China Site General Manager, Asia Pacific Operations (2001 – 2012)

Qualifications

Masters in Administration, Policy Analysis and Evaluation

– Stanford University, USA

Bachelors in Biological Science and Psychology

– Carnegie Mellon University, USA



Kenneth NG Sing Yip (73)

Independent Non-executive Director

Joined the Board since March 2014

Other positions held within Hang Seng Group

[^] Hang Seng Bank Limited

- Chairman of Risk Committee;
- Member of Nomination Committee

Other major appointments

Hong Kong General Chamber of Commerce

- Vice Chairman of Legal Committee

HSBC Bank Australia Limited

- Independent Non-executive Director; Member of Audit Committee;
- Member of Nomination Committee

HSBC Bank (Vietnam) Ltd.

- Chairman of Board of Supervision

[^] Ping An Insurance (Group) Company of China, Ltd.

- Independent Non-executive Director

The University of Hong Kong

- Member of Asian Institute of International Financial Law Advisory Board of the Faculty of Law

Past major appointments

[^] Hang Seng Bank Limited

- Non-executive Director (2014 – 2022)

HSBC Bank (China) Company Limited

- Non-executive Director (2011 – 2018)

Competition Tribunal Users' Committee of HKSAR Government

- Member (2014 – 2017)

Standing Committee on Company Law Reform

- Member (2011 – 2017)

The Law Society of Hong Kong – Council Member (2002 – 2016)

The Hongkong and Shanghai Banking Corporation Limited

- General Counsel, Asia Pacific (1998 – 2016)
- Deputy Head of Legal and Compliance Department (1993 – 1998)
- Assistant Group Legal Adviser (1987 – 1993)

Board of Review of Inland Revenue Ordinance of HKSAR Government

- Member (2008 – 2014)

[^] Ping An Insurance (Group) Company of China, Ltd.

- Non-executive Director (2006 – 2013)

Qualifications

Bachelor's Degree and Master's Degree in Laws (L.L.B. and L.L.M.)

- The University of London, UK

Bachelor's Degree in Laws (L.L.B.) – Beijing University, PRC



SAW Say Pin (56)

Executive Director and Chief Financial Officer

Joined the Board since November 2022

Other positions held within Hang Seng Group

[^] Hang Seng Bank Limited – Member of Executive Committee

Hang Seng Bank (China) Limited

- Non-executive Director;
- Chairman of Risk and Consumer Rights/Interests Protection Committee;
- Member of Audit Committee;
- Member of Remuneration Committee

Hang Seng Insurance Company Limited – Director

Hang Seng Investment Management Limited – Chairman

Hang Seng Investment Services Limited – Director

Hang Seng Real Estate Management Limited – Director

Hang Seng Securities Limited – Director

Imenson Limited – Director

Other major appointments

Hang Seng School of Commerce – Director

HSBC Asia Holdings Limited – Director

The Hang Seng University of Hong Kong – Governor

Past major appointments

HSBC Bank (China) Company Limited

- Chief Financial Officer (2019 – 2022)

Hubei Suizhou Cengdu HSBC Rural Bank Company Limited

- Supervisor (2020 – 2022)

HSBC Bank Malaysia Berhad

- Various positions including Chief Financial Officer;
- Chief Accounting Officer; Senior Finance Manager;
- Head of Treasury Services; Head of Management Information;
- Financial Accountant (1995 – 2019)

HSBC Electronic Data Processing (Malaysia) Sdn Bhd

- Non-executive Director (2015 – 2019)

HSBC Software Development (Malaysia) Sdn Bhd

- Non-executive Director (2015 – 2019)

HSBC Amanah Malaysia Berhad

- Chief Financial Officer (Double-hat) (2011 – 2015)

Qualifications

Chartered Banker – Asian Institute of Chartered Banker

Fellow – CPA Australia

Master of Finance

- Royal Melbourne Institute of Technology, Australia

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WANG Xiao Bin (56)

Independent Non-executive Director

Joined the Board since February 2022

Other positions held within Hang Seng Group

^ Hang Seng Bank Limited

- Member of Audit Committee;
- Member of Risk Committee

Other major appointments

^ Worley Limited

- Independent Non-executive Director; Member of Audit and Risk Committee; Member of Nominations Committee

Past major appointments

^ China Resources Power Holdings Company Limited

- Executive Director (2006 – 2023)
- Senior Vice President (2020 – 2023)
- Company Secretary (2003 – 2023)
- Chief Financial Officer (2003 – 2020)

^ Angang Steel Company Limited

- Independent Non-executive Director (2005 – 2009)

ING Bank N.V.

- Various positions including director of corporate finance in the investment bank division (1995 – 2003)

PriceWaterhouse, Australia

- Various positions in the audit and business advisory division (1990 – 1995)

Qualifications

Chartered Accountant, Australia

Member

- CPA Australia (formerly known as Australian Society of Certified Practising Accountants)

Graduate diploma in Applied Finance and Investment

- The Financial Services Institute of Australasia (formerly known as Securities Institute of Australia)

Bachelor's Degree in Commerce – Murdoch University, Australia

Notes:

- ¹ New appointments or cessation of appointments since the date of the Bank's 2023 Interim Report.
- ² The interests of Directors in shares of the Bank, if any, within the meaning of Part XV of the Securities and Futures Ordinance ('SFO') as at 31 December 2023 are disclosed in the section 'Directors' and Alternate Chief Executives' Interests' of the Report of the Directors attached to this Annual Report.
- ³ Some Directors (as disclosed in the section 'Biographical Details of Directors and Senior Management – The Board' of this Annual Report) are also Directors of HSBC Holdings plc ('HSBC') and/or its subsidiaries. HSBC, through its wholly-owned subsidiaries, has an interest in the shares of the Bank under the provisions of Divisions 2 and 3 of Part XV of the SFO, the details of which are disclosed in the section 'Substantial Interests in Share Capital' of the Report of the Directors attached to this Annual Report.
- ⁴ Save as disclosed in the section 'Biographical Details of Directors and Senior Management – The Board' of this Annual Report, the Directors (a) have not held any directorships in other publicly listed companies, whether in Hong Kong or overseas, during the last 3 years; (b) do not hold any other positions in the Bank and its subsidiaries; and (c) do not have any other relationships with any Directors, senior management or substantial or controlling shareholders of the Bank.
- ⁵ All Directors (except those Directors who are full time employees of the Bank or its subsidiaries) will receive Directors' fees in the amounts approved from time to time by shareholders at the Annual General Meetings of the Bank. The current amounts of Directors' fees have been determined with reference to market rates, directors' workload and required commitment. A Director will also receive a fee for duties assigned to and services provided by him/her as Chairman or member of various Committees of the Bank. Such fees have been determined with reference to the remuneration policy of the Bank.
- ⁶ No Directors' fees are payable to those Directors who are full time employees of the Bank or its subsidiaries. The salary packages of such Directors have been determined with reference to the remuneration policy of the Bank. Such Directors are also entitled to discretionary bonus.
- ⁷ The details of the emoluments of the Directors on a named basis are disclosed in Note 14 of the Bank's Financial Statements as contained in this Annual Report.
- ⁸ Biographical details of Directors of the Bank are also available on our website (www.hangseng.com/en-hk/about-us/directors-organisation/board-of-directors/).

[^] The securities of these companies are listed on a securities market in Hong Kong or overseas.



Senior Management

1 Rannie LEE Wah Lun
Head of Wealth and Personal Banking

2 Diana Ferreira CESAR JP
Executive Director and Chief Executive

5 Godwin LI Chi Chung
General Counsel

6 Betty LAW Shuk Man
Head of Corporate Communications
and Community Investments

7 Shelley ZHOU Wenwen
Head of Corporate Sustainability

8 Kathy CHEUNG Ka Wai
Chief Risk and Compliance Officer

9 Ryan SONG Yue Sheng
Vice-Chairman and Chief Executive of
Hang Seng Bank (China) Limited

10 Rose CHO Mui
Head of Global Banking



3 SAW Say Pin
Executive Director and
Chief Financial Officer

4 Regina LEE Sau Yee
Head of Commercial Banking

11 Liz CHOW Tan Ling
Head of Global Markets

12 Vivien CHIU Wai Man
Chief Operating Officer

13 Gloria HO Lok Sze
Head of Human Resources

14 Gilbert LEE Man Lung
Head of Strategy & Planning and
Chief of Staff to CE

15 Maggie CHEUNG Ka Ki
Company Secretary and
Head of Corporate Governance

16 Jordan CHEUNG Wang Chun
Chief Marketing Officer

Diana Ferreira CESAR JP

Executive Director and Chief Executive
(Biographical details are set out on page 119)

SAW Say Pin

Executive Director and Chief Financial Officer
(Biographical details are set out on page 123)

Jordan CHEUNG Wang Chun (40)

Chief Marketing Officer

Joined the Bank since December 2022

Major positions held within Hang Seng Group

Hang Seng Bank Limited

- Chief Marketing Officer;
- Member of Executive Committee

Past major positions

DFI Retail Group Holdings

- Vice President, CRM & Performance Marketing, yuu (2022)

Regal Hotels International Holdings Limited

- Vice President – Head of Group Marketing and Head of Innovation and Digital Transformation (2020 – 2022)

Manulife Hong Kong

- Director, Digital Marketing / Customer Experience and Strategic Marketing (2019 – 2020)

Hong Kong Airlines Limited

- Deputy General Manager, Global Marketing (2012 – 2019)

Qualifications

Bachelor of Integrated Business Administration with Concentration in Marketing
- The Chinese University of Hong Kong

Kathy CHEUNG Ka Wai (54)

Chief Risk and Compliance Officer
Joined the Bank since March 2022

Major positions held within Hang Seng Group

Hang Seng Bank Limited

- Chief Risk and Compliance Officer;
- Member of Executive Committee

Hang Seng Data Services Limited – Director

Hang Seng Indexes Company Limited – Director

Hang Seng Investment Management Limited – Director

Hang Seng Investment Services Limited – Director

Hang Seng Securities Limited – Director

Hang Seng Security Management Limited – Director

Other major appointments

Hang Seng School of Commerce – Director

The Hang Seng University of Hong Kong – Governor

Past major positions

Hang Seng Bank Limited – Chief Risk Officer (2022 – 2023)

HSBC Asia Holdings Limited – Director (August to November 2022)

The Hongkong and Shanghai Banking Corporation Limited

- Chief Risk Officer, Hong Kong and Macau (2015 – 2022)
- Head of Retail Banking and Wealth Management Risk, Greater China (2015)
- Head of Retail Banking and Wealth Management Risk (2013 – 2015)
- Head of Credit & Risk (2012 – 2013)
- Head of Consumer Credit Risk (2011)
- Various roles in relation to Risk Management (2000 – 2010)

Qualifications

Bachelor of Arts in Business Administration – Accounting

- University of Washington, USA

Member – American Institute of Certified Public Accountant

Maggie CHEUNG Ka Ki (46)**Company Secretary and Head of Corporate Governance**

Joined the Bank since April 2023

Major positions held within Hang Seng Group**Hang Seng Bank Limited**

- Company Secretary and Head of Corporate Governance;
Member of Executive Committee

Past major positions**Kerry Properties Limited**

- Company Secretary; Senior Director, Company Secretariat and
Legal (PRC) (2021 – 2023)

Hysan Development Company Limited

- Company Secretary (2015 – 2021)
General Counsel (2017 – 2021)
Legal Counsel (2014 – 2017)

Mayer Brown – Solicitor (2007 – 2014)**King & Wood Mallesons** – Solicitor (2005 – 2007)**Qualifications**

Solicitor

- High Court of Hong Kong;
Supreme Court of England and Wales

Fellow – Hong Kong Chartered Governance Institute

General Mediator – Hong Kong

Master of Laws – University College London, UK

Bachelor of Laws – The University of Hong Kong

Vivien CHIU Wai Man (59)**Chief Operating Officer**

Joined the Bank since January 2022

Major positions held within Hang Seng Group**Hang Seng Bank Limited**

- Chief Operating Officer;
Member of Executive Committee

Hang Seng Data Services Limited – Director**Hang Seng Indexes Company Limited** – Director**Hang Seng Investment Management Limited** – Director**Hang Seng Investment Services Limited** – Director**Hang Seng (Nominee) Limited** – Director**Hang Seng Real Estate Management Limited** – Director**Hang Seng Securities Limited** – Director**Hang Seng Security Management Limited** – Director**Other major appointments****Barrowgate Limited** – Director**Past major positions****The Hongkong and Shanghai Banking Corporation Limited**

- Interim Chief Operating Officer Hong Kong (2021)
Head of Operations Hong Kong (2017 – 2021)
Regional Head Asia Pacific – Banking Operations & CDD, Operations
(2013 – 2017)
Senior Programme Manager, Transformation (2010 – 2013)
Various roles in Technology, Digital Business Services (1989 – 2010)

Hong Kong Interbank Clearing Limited

- Alternate Director (2017 – 2021)

HKICL Services Limited

- Alternate Director (2017 – 2021)

Hong Kong Trade Finance Platform Company Limited

- Alternate Director (2018 – 2021)

Qualifications

Bachelor of Engineering – University of Melbourne, Australia

Rose CHO Mui (52)

Head of Global Banking

Joined the Bank since June 2003

Major positions held within Hang Seng Group

Hang Seng Bank Limited

- Head of Global Banking;
- Member of Executive Committee

Other major appointments

The Community Chest of Hong Kong

- Dress Casual Day Organising Committee Co-Chairman;
- Member of Campaign Committee

The Hainan Province Committee of the Chinese People's Political Consultative Conference

- Member

Past major positions

Hang Seng Bank Limited

- Head of Corporate Banking, Commercial Banking Division (2015 – 2021)
- Head of Business Banking, Commercial Banking Division (2011 – 2015)
- Deputy Head of Commercial Banking, Commercial Banking Division (2007 – 2011)
- Department Head, Commercial Banking (2004 – 2007)
- Team Head, Commercial Banking Division (2003)

Rabobank, N.A.

- Senior Relationship Manager, Corporate Banking (1997 – 2003)

BankBoston, N.A.

- Relationship Manager, Corporate Banking (1996 – 1997)

Citibank, N.A.

- Relationship Manager, Corporate Banking (1993 – 1996)

Qualifications

Master of Business Administration

- The Hong Kong University of Science and Technology

Bachelor of Business Administration (Honors) in Business Studies

- The Hong Kong Polytechnic University

Liz CHOW Tan Ling (50)

Head of Global Markets

Joined the Bank since October 2006

Major positions held within Hang Seng Group

Hang Seng Bank Limited

- Head of Global Markets;
- Member of Executive Committee

Hang Seng Bullion Company Limited – Director

Other major appointments

Treasury Markets Association – Member of Executive Board

Past major positions

Hang Seng Bank Limited

- Head of Global Markets Corporate Treasury and Business Management (2011 – 2015)
- Head of Corporate Treasury Services Greater China (2011)
- Various positions in the area of corporate treasury in Treasury Division (2006 – 2011)

DBS Bank Limited, Hong Kong

- VP Treasury & Markets (2002 – 2006)

Commonwealth Bank of Australia, Hong Kong

- Executive Capital Markets (2000 – 2002)

Qualifications

Bachelor of Business Administration

- The Chinese University of Hong Kong

Bachelor of Laws – The University of London, UK

Gloria HO Lok Sze (45)**Head of Human Resources**

Joined the Bank since April 2022

Major positions held within Hang Seng Group**Hang Seng Bank Limited**

- Head of Human Resources;
- Member of Executive Committee

Hang Seng Security Management Limited – Director

Other major appointments**Employers' Federation of Hong Kong**

- Member of People Strategies Committee

The Community Chest of Hong Kong

- Co-Chairman of Corporate and Employee Contribution Programme Organising Committee; Member of Campaign Committee

Past major positions**Kerry Properties Limited**

- Chief Human Resources Officer (2017 – 2022)

Christie's

- Vice President, HR Business Partner / Head of Human Resources, Asia (2014 – 2017)

Shangri-La Group

- Director of Human Resources Operations, Development / Corporate Director of Talent Acquisition (2012 – 2014)

Qualifications

- Bachelor of Commerce, Management
- University of Auckland, New Zealand

Betty LAW Shuk Man (51)**Head of Corporate Communications and Community Investments**

Joined the Bank since July 2022

Major positions held within Hang Seng Group**Hang Seng Bank Limited**

- Head of Corporate Communications and Community Investments;
- Member of Executive Committee

Other major appointments

Hang Seng School of Commerce – Director

The Hang Seng University of Hong Kong – Governor

Past major positions**Hang Seng Bank Limited**

- Head of Communications and Corporate Sustainability (2022 – 2023)
- Senior Corporate Communications Manager (2006 – 2010)

The Hong Kong Jockey Club

- Executive Manager, Public Affairs (Corporate & Media Services) (2019 – 2022)

Hang Lung Properties Limited

- General Manager – Corporate Communications (2011 – 2019)

AIA Group Limited

- Assistant Vice President Group Communications (2010 – 2011)

Qualifications

- Master of Comparative and Public History
- The Chinese University of Hong Kong
- Master of International and Public Affairs
- The University of Hong Kong
- Bachelor of Arts in English and Translation
- The Chinese University of Hong Kong

Gilbert LEE Man Lung (46)**Head of Strategy & Planning and Chief of Staff to CE**

Joined the Bank since August 2014

Major positions held within Hang Seng Group**Hang Seng Bank Limited**

- Head of Strategy & Planning and Chief of Staff to CE;
- Member of Executive Committee

Hang Seng Data Services Limited – Director

Hang Seng Indexes Company Limited – Chairman

Past major positions**Yantai Bank Co., Ltd.**

- Director; Member of Audit Committee; Member of Connected Party Transaction Committee (2019 – 2022)

Hang Seng Bank Limited

- Head of Strategy & Planning (2014 – 2018)

Wells Fargo Bank, N.A.

- Senior Vice President, Cross-Border Governance & Strategic Initiatives Leader – Asia (2013 – 2014)

Booz & Company

- Senior Associate, Co-Lead of Financial Services Practice, Greater China (2007 – 2013)

Bank of America, N.A.

- Assistant Vice President, Special Assets Group, Asia (2006)

Citibank, N.A.

- Various positions in the areas of Corporate Banking and Risk Management (2000 – 2005)

Qualifications

- Chartered Financial Analyst
- Chartered Global Management Accountant
- Fellow – The Chartered Institute of Management Accountants
- Certified Chief Innovation Officer – Global Innovation Institute
- Associate – Life Management Institute
- Certified Fintech Professional (Management)
- Member – The Hong Kong Institute of Directors
- Master of Business Administration – INSEAD, France
- Master of Science in Business Economics
- The Chinese University of Hong Kong
- Bachelor of Finance – The University of Hong Kong
- Fellow of Asia Pacific Leadership Programme
- East-West Centre, The University of Hawaii, USA

Rannie LEE Wah Lun (56)

Head of Wealth and Personal Banking

Joined the Bank since January 2022

Major positions held within Hang Seng Group

Hang Seng Bank Limited

- Head of Wealth and Personal Banking;
- Member of Executive Committee

Hang Seng Bank (Trustee) Limited – Director

Hang Seng Credit Limited – Director

Hang Seng Finance Limited – Director

Hang Seng Indexes Company Limited

- Member of Hang Seng Index Advisory Committee

Hang Seng Insurance Company Limited – Director

Hang Seng Investment Management Limited – Director

Hang Seng Securities Limited – Chairman

Hang Seng Security Management Limited – Director

HASE Wealth Limited – Director

Haseba Investment Company Limited – Director

Other major appointments

Employers' Federation of Hong Kong

- Elected Member of General Committee

The Hong Kong Institute of Bankers

- Member of Executive Committee; Chairperson of Membership and Professional Development Committee

The Hong Kong Jockey Club Trusted-initiated Project – Urban Graduation Approach to Uplift Poor Households out of Poverty

- Member of Advisory Committee

Past major positions

The Hongkong and Shanghai Banking Corporation Limited

- Head of Special Project, Retail Banking and Wealth Management (2021)
- Co-CEO and Head of Retail Banking and Wealth Management / Wealth and Personal Banking, Pearl River Delta (Assignment based in Shenzhen, China) (2018 – 2021)
- Various positions in Personal Financial Services Division, including Country Head of Customer Value Management (1997 – 2018)

Qualifications

Master of Management – Macquarie University, Australia
 Bachelor of Law – Manchester Metropolitan University, UK
 Bachelor of Social Science – The University of Hong Kong

Regina LEE Sau Yee (49)

Head of Commercial Banking

Joined the Bank since October 2023

Major positions held within Hang Seng Group

Hang Seng Bank Limited

- Head of Commercial Banking;
- Member of Executive Committee

Past major positions

The Hongkong and Shanghai Banking Corporation Limited

- Managing Director and Head of Commercial Banking, Singapore (2021 – 2023)
- Managing Director, Commercial Banking, Hong Kong (2018 – 2021)
- Chief Operating Officer, Commercial Banking, Hong Kong (2015 – 2018)
- Regional Head of Business Risk and Control Management, Commercial Banking (2014 – 2015)
- Head of Business Development, Global Trade and Receivables Finance, Commercial Banking, Hong Kong (2012 – 2014)
- Senior Vice President and Head of Wholesale Risk Management, Taiwan (2011 – 2012)
- Head of Corporate Banking, Macau (2009 – 2011)
- Senior Vice President, Team Head, Commercial Banking, Hong Kong (2005 – 2009)
- Various positions in Relationship Management, Commercial Banking, Hong Kong (2000 – 2005)

Qualifications

Bachelor of Laws – University of London, UK
 Bachelor of Business Administration
 – The Chinese University of Hong Kong
 Chartered Financial Analyst
 Fellow – The Association of Chartered Certified Accountants

Godwin LI Chi Chung (59)**General Counsel**

Joined the Bank since May 1995

Major positions held within Hang Seng Group**Hang Seng Bank Limited**

- General Counsel;
- Member of Executive Committee

Hang Seng Bank (Trustee) Limited – Director

Hang Seng Bullion Company Limited – Director

Hang Seng (Nominee) Limited – Director

HASE Wealth Limited – Director

Past major positions**Hang Seng Bank Limited**

- Company Secretary (2005 – 2023)
- Assistant Company Secretary, Senior Manager and Legal Advisor (1995 – 2005)

Guoco Group Limited – Assistant Legal Counsel (1993 – 1995)

Qualifications

Bachelor of Laws – The University of Hong Kong

Ryan SONG Yue Sheng (50)**Vice-Chairman and Chief Executive of****Hang Seng Bank (China) Limited**

Joined the Bank since May 2018

Major positions held within Hang Seng Group

Hang Seng Bank Limited – Member of Executive Committee

Hang Seng Bank (China) Limited

- Vice-Chairman and Chief Executive;
- Chairman of Executive Committee;
- Member of Connected Transactions Control Committee;
- Member of Nomination Committee

Past major positions**HSBC Bank (China) Company Limited**

- Executive Vice President (2016 – 2018)
- Head of Global Markets; Member of Executive Committee (2013 – 2018)
- Head of Trading; Deputy Head of Global Markets (2005 – 2013)
- Head of Sales, Global Markets (2000 – 2005)

Qualifications

Master of Business Administration
– China Europe International Business School

Shelley ZHOU Wenwen (48)**Head of Corporate Sustainability**

Joined the Bank since May 2023

Major positions held within Hang Seng Group**Hang Seng Bank Limited**

- Head of Corporate Sustainability;
- Member of Executive Committee

Other major appointments

Hong Kong Association of Energy Engineers Limited – Director

The Hong Kong University of Science and Technology

- Adjunct Professor of Department of Civil and Environmental Engineering;
- Adjunct Associate Professor of Department of Finance

The Hong Kong Polytechnic University

- Adjunct Associate Professor of Department of Civil and Environmental Engineering

Past major appointments

The Capital Markets Company Limited

- Managing Principal / APAC ESG Lead (2021 – 2023)

Hong Kong Centre for Carbon Innovation Limited

- Chief Executive; Director (2016 – 2019)

The Hong Kong Jockey Club

- Manager, Sustainability (2011 – 2016)

Qualifications

PhD in Environmental Engineering

- National University of Singapore

MPhil in Civil Engineering

- The Hong Kong University of Science and Technology

Bachelor of Engineering in Environmental Engineering

- Shanghai Tongji University, China

Note:

Definition of senior management is set out in the section 'Corporate Governance Report' of this Annual Report.

CORPORATE GOVERNANCE REPORT

Corporate Governance Principles and Practices

Hang Seng Bank Limited (the "Bank") is committed to maintaining and upholding high standards of corporate governance with a view to safeguarding the interests of its shareholders, customers, employees and other stakeholders. The Bank has followed the module on "Corporate Governance of Locally Incorporated Authorised Institutions" ("CG-1") under the Supervisory Policy Manual ("SPM") issued by the Hong Kong Monetary Authority ("HKMA"). The Bank has also fully complied with all the principles of good corporate governance and code provisions; and adopted the recommended best practices, where appropriate, set out in the Corporate Governance

Code contained in Appendix C1 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("HKEx") throughout the year of 2023.

We aim to achieve governance excellence in all respects and to be in line with international and local corporate governance best practices. We have been constantly reviewing and enhancing our corporate governance framework by referring to market trend as well as guidelines and requirements issued by regulatory authorities. Throughout 2023, the Bank has implemented several governance initiatives within the Group to streamline the oversight framework of the parent/subsidiaries for reporting efficiency and quality enhancement.

Culture

Purpose and Values

The Bank's actions are guided by our purpose and our values.

OPENING UP A WORLD OF OPPORTUNITY

Our Purpose

"We share the dreams of Hong Kong people and serve our communities with pride. We provide best-in-class, trusted and friendly financial services to drive their success – today and for generations to come."

Our Values

We Value Difference

Seeking out different perspectives

We Succeed Together

Collaborating across boundaries

We Take Responsibility

Holding ourselves accountable and taking the long view

We Get It Done

Moving at pace and making things happen

Our values and organisational culture help us make the right choices in a variety of day-to-day business situations and work environment, uphold our conduct and behaviours on how we treat our customers, employees, and other stakeholders, judge when and how to intervene and speak up, foster an inclusive work environment that supports the well-being of our staff, and stretch and unleash our potential to shape a bank fit for the future.

We are dedicated to cultivating an agile and dynamic culture and workplace that supports the development of our people, with the aim of helping the Bank in achieving its broader ambitions of providing excellent experiences for customers and creating a better future for the community.

Governance Highlights in 2023

<p>Board Structure</p>	<ul style="list-style-type: none"> • Around 64% of the Board of Directors are independent • The Bank has an independent Board Chairman • 100% of the Audit Committee are independent directors (including the Committee Chairman) • 100% of the Risk Committee are independent directors (including the Committee Chairman) • 100% of the Remuneration Committee are independent directors (including the Committee Chairman) • The Chairman of the Nomination Committee is an independent director • The Board maintained a high level of female representation, which exceeded the target of maintaining a minimum of 40% female representation as set out in the Board Diversity Policy
<p>Governance Process</p>	<ul style="list-style-type: none"> • Annual review of the Board and Senior Management Succession Plans • Embedded the risk and compliance culture throughout the Bank • Annual thorough evaluation of the Board and its committees via digital board portal, followed by timely and meaningful analysis and discussion of the Directors' feedback and action plan • Enhanced and published the Terms of Reference of the Board Committees: Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee • Separate meetings by the Board Chairman with Independent Non-executive Directors were held without the presence of Executive Directors and Senior Management • Separate meetings by the Audit Committee and Risk Committee jointly with the external auditor and Head of Audit respectively were held without the presence of Executive Directors and Senior Management • Separate meetings by the Risk Committee with Chief Risk and Compliance Officer were held without the presence of Executive Directors and Senior Management
<p>Disclosure and Transparency</p>	<ul style="list-style-type: none"> • More than 20 business days' notice is given for Annual General Meeting ("AGM") • Early announcement of audited financial results and publication of Annual Report (within two months and within 2.5 months after the financial year-end respectively) • Maintained an on-going dialogue with shareholders and effective two-way communication between the Bank and its shareholders including holding hybrid AGM and the timely disclosures of balanced information on websites of the Bank and HKEx • Held group or one-on-one meetings with analysts and investors to facilitate effective communication between the Bank and the investment community • Published the Banking Disclosure Statement on a quarterly basis pursuant to HKMA's requirements, which provides additional financial information to the public

Board of Directors

Board's Roles

The Board, led by the Chairman, plays a leadership role under prudent and effective controls framework. Committed to high standards of integrity and ethics, the Board has collective responsibilities for promoting the long-term business sustainability and creating sustainable value to stakeholders.

The roles and responsibilities of the respective Board members are designated with clear division of responsibilities to ensure a balance of power and authority, illustrated as follows:

Roles	AGM	Board Meetings	Responsibilities
Independent Non-executive Chairman			
Irene Y L Lee	1/1	6/6	<ul style="list-style-type: none"> Takes on the role of leading and guiding the Board members in their decision-making process Ensures that the decisions made by the Board are based on solid reasoning, thorough analysis, and accurate information Ensures that the decisions made by the Board are aligned with the best interests of the Bank, considering its long-term sustainability and success
Executive Director – Chief Executive			
Diana Cesar	1/1	6/6	<ul style="list-style-type: none"> Takes charge of guiding and directing the Senior Management team in their roles and responsibilities Be responsible for executing and putting into action the strategic plans and policies of the Bank Oversees and manages the daily activities and operations of the Bank, ensuring smooth functioning and efficient performance
Executive Director – Chief Financial Officer			
Say Pin Saw	1/1	6/6	<ul style="list-style-type: none"> Plays a crucial role in the Bank's management, strategy, and efficiency and collaborates with the executive team to align financial strategies with the Bank's long-term vision Contributes to efficient operations by optimizing financial resources and implementing cost-effective measures Provides valuable insights and analysis to support informed decision-making across various departments, ensuring that financial considerations are taken into account
Independent Non-executive Directors			
Cordelia Chung	1/1	6/6	<ul style="list-style-type: none"> Provides impartial advice and counsel and exercises an independent judgement, ensuring fairness and adherence to best practices in the decision-making process Scrutinises the Bank's performance in achieving agreed goals and objectives, and monitors performance reporting Promotes the highest standards of corporate governance Supports Senior Management team in their leadership of the business
Clement K M Kwok	1/1	6/6	
Patricia S W Lam	1/1	6/6	
Huey Ru Lin	1/1	6/6	
Kenneth S Y Ng ¹	1/1	6/6	
Xiao Bin Wang	1/1	6/6	
Michael W K Wu ²	1/1	2/2	
Non-executive Directors			
Kathleen C H Gan	1/1	5/6	<ul style="list-style-type: none"> Be responsible for monitoring and evaluating the Bank's governance framework, ensuring that the Bank operates in accordance with best practices and ethical standards Assesses and monitors the Bank's performance, understanding and managing risks Assists the Board to address concerns and feedback to shareholders
David Y C Liao	1/1	6/6	
Average attendance rate	100%	99%	

¹ As announced on 1 February 2024, Kenneth S Y Ng will step down as Independent Non-executive Director and cease to be Risk Committee Chairman and Nomination Committee member after the conclusion of the Bank's 2024 AGM. Xiao Bin Wang will succeed Kenneth S Y Ng as the Chairman of the Risk Committee with effect from the conclusion of the Bank's 2024 AGM.

² Michael W K Wu stepped down as Independent Non-executive Director and ceased as Remuneration Committee Chairman and member of the Nomination Committee and Risk Committee, all with effect from the conclusion of the Bank's AGM on 4 May 2023. L Y Chiang stepped down as Independent Non-executive Director and ceased as member of the Audit Committee and Remuneration Committee, with effect from 1 January 2023.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive of the Bank are separate with a clear and well-established division of responsibilities. The Chairman of the Board, who is an Independent Non-executive Director (“INED”) is responsible for the leadership and effective running of the Board. The Chairman ensures that the decisions of the Board are considered and taken on a sound basis and in the best interest of the Bank. The Chief Executive, who is an Executive Director (“ED”), is responsible for the day-to-day management of the Bank’s business and operations. Details of their respective roles are set out in the Board’s terms of reference available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/).

The Bank’s Chairman, the Chief Executive and other Directors do not have any financial, business, family, material or other relevant relationships with each other.

Key Matters Reserved to the Board for Decision

The Board’s responsibilities are set out in the schedule of key matters reserved within its terms of reference. It is adopted to provide a clear division of roles between the Board and the Senior Management. The key matters reserved for the Board’s consideration and decision, among other matters, are:



Corporate Strategy/Acquisition/Disposal:

- strategic plans and objectives
- corporate culture, values and standards
- significant policies and plans and subsequent changes
- acquisitions, disposals and purchases above predetermined thresholds



Corporate Governance/Sustainability/Board and Senior Management Composition:

- policies, practices and disclosure on corporate governance and remuneration
- environmental, social and governance (“ESG”)/ climate strategy, and relevant governance framework and climate-related risk strategies
- appointment and oversight of Senior Management, and succession plans for the Board and Senior Management



Risk and Compliance:

- risk appetite statement and profile update
- internal control and risk management
- whistleblowing policy and mechanism



Financial/Audit:

- financial resource planning and performance targets
- capital plans and management
- annual and interim financial reporting
- effective audit functions

The Board’s powers are governed by relevant laws, regulations, supervisory standards and the Board’s terms of reference and the Bank’s Articles of Association, which are available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/).

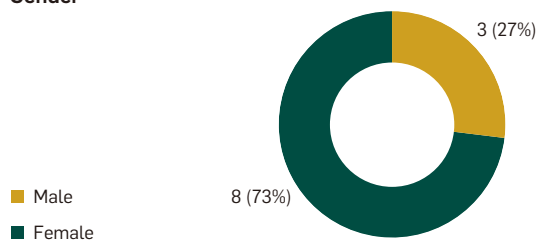
Board Composition

The Board comprises 11 Directors: two are EDs, two are Non-executive Directors (“NEDs”) and seven INEDs. Around 64% of the Board of Directors are independent, which far exceeds the Listing Rules requirement. Above 80% of the Directors’ tenure had been refreshed and are under five years. We also have a high level of female representation. The strong independent element on the Board ensures the independence and objectivity of the Board’s decision-making process, as well as the impartiality of the Board’s oversight of the Management.

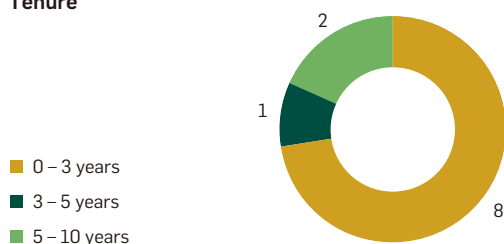
Designation



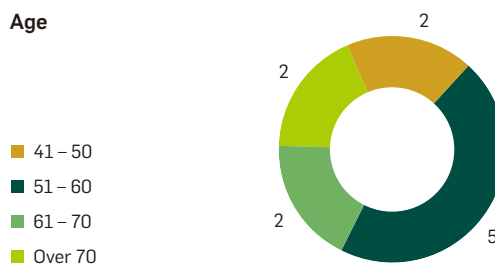
Gender



Tenure



Age



Skills and Experience

The Board possesses diverse and appropriate experience, competencies, professional expertise and personal qualities to each of the material business activities that the Bank pursues. The Board has adopted a comprehensive directors’ skill matrix as a key tool to comprehend the skills and experience it requires for Board refreshment. The Board, through its Nomination Committee, reviewed the skills and experience it requires to effectively discharge its responsibilities at least annually. Biographical details of the Directors are set out in the section “Biographical Details of Directors and Senior Management” in this Annual Report.

An extract of the skill matrix, showing the selection of the current skills and experience of the Board, is shown below:

Asia market experience	9
Mainland China market experience	9
Government/Regulatory	7
Insurance	4
Technology/Digital	6
Corporate social responsibility/ESG	7
Business Transformation/Change Management	9
Legal/Governance	9
People	6
Risk	10
Finance	10
Banking	7

Board Succession

The Bank remains committed to meritocracy in the Boardroom. Board appointments are based on merit and candidates are considered against objective criteria including, diversity of characteristics, such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time. The Board will continuously identify potential candidates for future appointments in consideration of their skills, competencies, experience and diversity, and also the Bank's strategic objectives and organisational structure, to ensure the Board has a pipeline of successors for leadership transition.

Board Diversity

The Board recognises the importance of diversity and the contributions it brings to Board effectiveness. Diversity provides the Board with a wider knowledge base and bring in new insights and perspectives, which improve decision-making and create long-term success of the Bank.

The Board has adopted a Board Diversity Policy, which sets out our approach for achieving diversity and inclusivity at Board level and across the Senior Management team. The Nomination Committee annually reviews and reports to the Board on the following: the succession planning, selection, nomination, operation and evaluation of the Board.

During the year, the Board Diversity Policy was reviewed by the Board and updated to include measurable objectives for implementing the policy and progress on achieving those objectives (in particular, gender diversity at Board level and across the workforce) in accordance with the Corporate Governance Code. The latest version of the Policy is available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/).

The Board considers that its diversity, including gender-diverse leadership, is a vital for a broader perspective to business decision-making process which eventually lead to higher corporate performance and competitiveness. To reinforce our commitment to gender diversity, the Board has set the aspirational target to achieve a minimum of 40% female representation on the Board of Directors by the end of 2023.

As of the date of this Annual Report, the female representation on the Board was around 73%, which exceeds the Board's aspirational target of a minimum of 40% female representation on the Board. The Bank maintains a high level of female board representation among Hong Kong listed companies. The Bank was also recognised for having representation of women on the executive team: 75% of Senior Management are female and 50% of senior leaders (global career band three or above) are female. The female representation of senior leaders in the Group included operations in Hong Kong, mainland China, and overseas representative offices.

Independence

Independence is a vital component of good corporate governance. As of the date of this Annual Report, seven out of our 11 Directors were INEDs, exceeding the Listing Rules requirement that at least one-third of the Board (and not less than three Directors) shall be INEDs.

As required under the Listing Rules and the HKMA guidelines, the Bank received written annual confirmation from each of the INEDs of his/her independence and that of his/her immediate family members. All INEDs of the Bank have indicated that there are not any factors that may affect their independence.

The Nomination Committee has carried out a detailed review of the Directors' independence and considered each of the seven INEDs to have been independent throughout the year under review.

The Nomination Committee also considered the INEDs' tenure, noting that Irene Y L Lee has served as INED for more than nine years and her re-appointment is subject to a separate resolution to be approved by the shareholders at the 2024 AGM. After considering the relevant independence assessment requirements set out in Rule 3.13 of the Listing Rules, the Nomination Committee formed the view that, notwithstanding that she has served on the Board for over nine years, she remains independent, taking into account her impartial views and comments expressed during the Board and Board Committee meetings, her positive and significant contributions, dedication and professionalism, deep insights in and guidance for the Bank's business development and strategies. In addition, her unique expertise in banking and business development, all of which are relevant to the Bank's business, enables her to provide invaluable and objective guidance for the Bank's business.

The Board and the Nomination Committee are of the view that Irene Y L Lee has exercised independent judgement and consistently demonstrated a healthy level of professional scepticism and have not refrained from asking probing questions and challenging the Bank's management's views and recommendations. She has not been involved in any management role in the Bank nor in any relationships which will interfere with the exercise of her independent mindset and judgement. There is no evidence to suggest that her tenure has had any impact on her independence.

Following the robust assessment of the independence of its INEDs, it has affirmed that, all INEDs of the Bank (including any of them who has served on the Board for more than nine years), continue to be considered as independent in character and judgement.

Cordelia Chung holds a cross-directorship with Irene Y L Lee, since they both serve on the boards of the Bank and Hysan Development Company Limited. However, given that Cordelia Chung and Irene Y L Lee both play a non-executive role and both do not hold any shares in the Bank, the Bank believes that this cross-directorship would not undermine the independence of Cordelia Chung and Irene Y L Lee with respect to their directorships in the Bank. For other Directors' interest in competing businesses, please refer to the "Report of the Directors" section of this Annual Report.

Board Meeting Process

The Board meets about six times a year and at least once every quarter, exceeding the minimum number of board meeting required under the Corporate Governance Code. Additional ad hoc Board meetings or meetings of a Board committee established by the Board can be convened when necessary to discuss and approve specific matters. The Board Committees also met regularly during the year.

To allow Directors to plan their schedule ahead of time, board schedule and calendar for the regular Board and Board Committee meetings during the year are made available to all Directors before the end of the preceding year. To facilitate Directors' participation and engagement, all the standing agenda for Board and Board Committee meetings are available to the Directors for advance review and comment before the end of the preceding year as well.

Notice of meeting will be given to all Directors at least 14 days before each regular Board and Board Committee meeting. Draft agenda for the Board and Board Committee meetings are circulated to all Directors at least 3 weeks before each meeting to provide an opportunity for the Directors to include any other matters in the agenda. Agenda and meeting papers are circulated via digital board portal at least 7 days in advance of the intended date for regular meetings and at a time as agreed for ad hoc meetings. Draft minutes of meetings of the Board and Board Committees are circulated for comment as soon as practicable post meetings. Minutes of Board meetings with details of the matters discussed by the Board and decisions made, including any concerns or views of the Directors, are kept by the Company Secretary and are open for inspection by Directors. Senior Management and other department heads are invited to make presentations to the Board on operational topics during the year and to engage in open and in-depth discussions with the Board.

The Chairman meets with INEDs without the presence of the EDs and the Senior Management at least once a year to facilitate an open and frank discussion among the INEDs on any issues relating to the Bank. The Chairman also has regular gathering with other Directors occasionally, without the presence of the EDs, to consider issues in an informal setting. The Audit Committee and Risk Committee jointly hold separate closed sessions with the external auditor and internal auditor respectively twice a year; and the Risk Committee also holds separate closed sessions with the Chief Risk and Compliance Officer in the absence of the EDs and the Senior Management. Head of Human Resources organises annual talent sharing session between the Board and the Bank's talents from key businesses and functions. This reflects the continuous effort in supporting the progression of diverse talent pipeline for succession of senior executive roles in the Bank.

The Board maintains regular communications with HKMA through various means. In November 2023, the Board met with HKMA to exchange views and update itself on HKMA's supervisory assessment of the Bank and supervisory focuses on the banking industry in general.

Throughout 2023, the Bank has continued to embed HSBC Group's governance requirements, including the Subsidiary Accountability Framework (that aims to enhance the clarity and consistency of governance practices adopted across all entities within the HSBC Group), to enhance meeting efficiency and reporting quality. Such enhanced governance requirements have proved to achieve remarkable changes in the quality and consistency of reporting, resulting in a more effective use of the time of the Board and Senior Management while making simplification of board and committee processes possible.

Directors make their best effort to contribute to the formulation of strategies, policies and decision-making by attending the Board meetings in person or via telephone or video-conferencing facilities. During 2023, the Board and Board Committees had mostly met in person with Directors having the option to join by zoom, where necessary. For meeting efficiency, all meeting agenda, papers and minutes are circulated and made available on a digital board portal for timely access by the Directors.

In addition to the regular financial and business performance reports presented to the Board at its regular meetings, the Board also receives monthly financial and business updates on the Bank's latest financial performance and any material variance from the Bank's financial resource planning. Directors can therefore have a balanced and comprehensive assessment of the Bank's performance, business operations, financial position and prospects throughout the year.

Board Evaluation

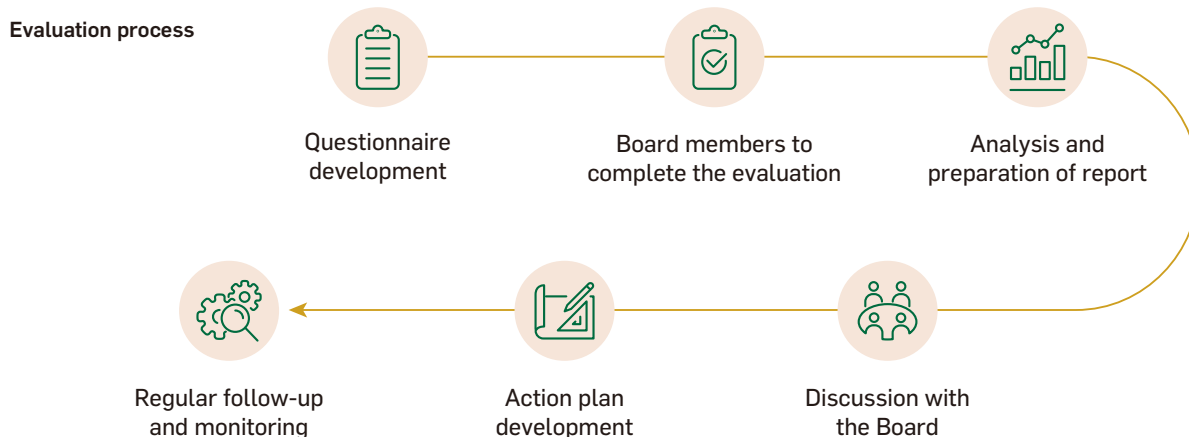
The Board reviews and evaluates its work process and effectiveness annually, with a view to identifying areas for improvement and further enhancement, while promoting board effectiveness and accountability through best practices, standardised guidance, common tools and resources.

Evaluation Process and Parameters

The Board evaluation process consists of an anonymous online questionnaire which includes quantitative part on ratings and a qualitative part which seeks the Directors' written responses, and based on the Directors' views on the following five evaluation parameters affecting the effectiveness and performance of the Board:

1. **The Board** – investigates the role, composition and skills of the Board;
2. **The Board Committees** – seeks feedback on the responsibilities and communication flows between the Board and the Board Committees;
3. **Procedures and process** – seeks feedback on the quality of agenda, meeting papers, informed material between the Board and the Board Committee, Directors' induction programme, and the digital board portal;
4. **Cultures and boardroom behaviour** – looks into the Board's open culture and inclusion; and
5. **Sustainability and Climate** – seeks feedback on Directors' awareness of the Bank's climate strategy and consequences.

Being anonymous, Directors are encouraged to share comments, provide suggestions and raise any concerns.



All Directors had completed the online Board evaluation questionnaire for 2023, which consists of both ratings and open-ended questions for annual evaluation of the Board's performance in 2023.

Findings of 2023 Board Evaluation

Overview: Directors favourably perceived their board leadership as highly effective. The Board and the Board Committees were able to duly discharge their responsibilities. The Chairman of the Board and/or the Chairmen of Board Committees also promoted and facilitated the effective contribution and communication of all Directors/members. The Board and Board Committees had both embraced an open and inclusive culture where dialogues were exchanged in a constructive manner.

The Board: The Board had a clear understanding of its roles and responsibilities and had a balanced, mix of geographical and industry experience, gender, and skills. The Chairman of the Board and/or the Chairmen of the Board Committees encouraged Directors/members with different views to voice their concerns and allowed sufficient time for thorough discussion prior to making any decision. The Board was well constructed and can continue to strengthen the dynamic and the momentum for innovation.

The Board Committees: The Bank's Audit Committee, Risk Committee, Nomination Committee and Remuneration Committee discharged their responsibilities effectively and coordinated swiftly between the Board Committees. The Board and Board Committee meetings were very interactive, and members were generally very vocal, which made the meetings very productive and fit for purposes. The reporting/communication from the Board Committees allowed adequate information provided to Board.

Procedures and process: The Board received training and orientation on the Bank's business and its key issues, including developments in the banking sector and relevant regulatory requirements, which were considered as adequate and effective. The Board was also kept abreast of material matters discussed during the Board Committee meetings. The Board had a good awareness of connectivity and information flow (including escalation and cascade) with the Bank and its subsidiary boards and committees. Areas for continuous strengthening will be the Board's oversight of cyber risks and cybersecurity, including third party risks.

Cultures and boardroom behaviour: The Board and the Board Committees operated with a culture of openness and inclusion to allow plain-spoken discussions. The engagement between the Directors and the Bank's Management was constructive, open and positive. The Board had set the right challenges to the Bank's Management whilst, without the least hesitation, extended support when needed. INED were very approachable for two-way conversations.

Sustainability and Climate: The Board acknowledged the linkage between the Bank's strategy on sustainability and climate could be further enhanced with business support's to clients. The Board continued to stay abreast of the Bank's sustainability roadmap and continues to clarify and cascade the need to manage the Bank's potential exposure to climate risks effectively as it continues to evolve.

Quality of meeting papers and minutes: The Board and the Board Committees were supplied with meeting papers, along with other supplementary information including monthly reports and updates provided by the Bank's Management, to facilitate a balanced and comprehensive overview of the Bank's performance. The meeting minutes concisely summarised keynote of the subject matter.

Board's Training: More trainings, in particular, on risk and compliance, artificial intelligence, Greater Bay Area opportunities and collaboration with parent company should be arranged.

Senior executive succession planning: The Directors acknowledged the succession plan is always a key focus and more work should be done in grooming and identifying home-grown talent. The Board has been overseeing the Bank's senior executive succession planning and will continuously involved in the forward planning of succession.

Actions corresponding to Directors' feedback

In addressing the Directors' responses to the evaluation, the Bank will continue coordinating with relevant businesses and functions to prioritise the Board and Board Committees' meeting agendas with topics relevant to the Directors' feedback.

In addition to the annual board evaluation, there is also a regular process for the Bank to evaluate the performance of its Directors, which involves the Board's regular reviews of the time commitment required from NEDs and INEDs, independence of INEDs, structure, size and composition of the Board and the Non-executive Board Committees, as well as trainings that the Directors received during the year.

To allow HKMA to assess whether the Bank has a robust evaluation process, the Bank also disclosed and submitted to HKMA annually (a) all outside mandates including directorships and other commitments held by each Director and the Chief Executive; (b) an affirmation signed by the Board Chairman to confirm the annual performance evaluation of each Director and the Chief Executive.

All Directors have access to the EDs and the Senior Management team as and when they consider necessary. They also have access to the Company Secretary who is responsible for ensuring that Board procedures, and related rules and regulations, are followed.

Conflict of Interest Management

The Board has a compliance process in place to regularly review and resolve situations where a Director may have a conflict of interest. The Board has adopted a Policy on Conflicts of Interest which serves to provide guidance to the Directors for avoiding conflicts of interest and on the circumstances under which appropriate action(s) shall be taken by the Directors in conflict. The Policy identifies the relationships, services, activities or transactions in respect of which conflicts of interest may arise and sets out measures for prevention or management of such conflicts. The Policy sets out the compliance process with notification by a Director of conflicts or potential conflicts, a review/ approval process and the Board's approach for dealing with any non-compliance with the Policy. The Policy was last updated in 2023 in alignment with the updated corporate practice, which is available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/).

Under the Articles of Association of the Bank, a Director shall not vote or be counted in the quorum in respect of any contract, arrangement, transaction or other proposal in which he/she or his/her associate(s), is/are materially interested.

Board Activities during 2023

During the year, the Board held six meetings (including one meeting with HKMA) and the important matters discussed at Board meetings included, but not limited to the following:

Strategic Planning

- strategy update of the Bank with ambition for 2023 to 2027
- progress update of Hang Seng Bank (China) Limited ("HACN") (2022-2024)
- progress updates of Hang Seng Indexes business
- 2022 ESG Report and regular ESG progress updates for 2023 (including net zero commitment)
- outlook and priorities of Wealth and Personal Banking and Commercial Banking businesses
- engagement model between the Bank and The Hongkong and Shanghai Banking Corporation Limited ("HSBC")
- launch of the RMB Counter for trading listed shares of the Bank under the HKD-RMB Dual Counter Model of HKEx
- discussion on Hong Kong in China's Economy

Financial and Business Performance, and Capital Planning

- financial statements for the year ended 31 December 2022
- interim financial statements for the six months ended 30 June 2023
- declaration of the fourth interim dividend for year 2022 and first three interim dividends for year 2023
- financial resource planning and capital plan for year 2023
- reports on financial and business performance
- internal capital adequacy assessment process
- review/update on financial policies, plans and frameworks
- review of Investor Relations Strategy
- review of regulatory and internal stress testing results, approach and approval process
- update of the Bank's distribution of general insurance products

Risk Management and Technology

- 2023 yearly and mid-year review of risk appetite statement and framework, with quarterly risk appetite profile updates
- risk management framework refresh and risk governance structure
- update of internal control system assessment
- reviews of connected lending large credit exposures and risk concentrations
- progress of climate risk management and regulatory climate risk stress test results
- reviews or updates of significant risk and operational policies, plans and frameworks, including, but not limited to, Whistleblowing Policy, Anti-Corruption Policy, Risk and Compliance Culture Plan and Awareness Programme, Single Name Concentration Framework, business continuity plans of the Bank and HACN, Corporate Real Estate Credit Exit Portfolio Framework, Cybersecurity and Cyber Resilience Assessment Framework
- updates of current and emerging risk issues including thematic or independent reviews of corporate credit risk management, customer notification process, and property mortgage loan dashboard
- annual review of credit approval authority limits of the Senior Management Team
- technology and data updates (including information security review) and IT incident overview
- review of Digital Assets and Currencies Strategy
- updates of operational resilience programme, and third party risk management and outsourcing implementation

Governance and Culture

- review of Subsidiary Accountability Framework
- review of the effectiveness of the Board and Board Committees, including approval of the revised terms of references of the Board and all Board Committees
- evaluation of Board effectiveness
- review of the structure, size and composition of the Board and the Board Committees
- review of new and revised Supervisory Policy Manuals or Guidelines issued by HKMA from time to time
- annual review of the Bank's Culture Statement
- conduct review including the implementation of the revised Conduct Framework
- review or updates of significant corporate governance policies/framework including, Board Diversity Policy, Shareholders Communication Policy, Delegation of Authority Framework, the Framework for disclosure of inside information and Corporate Governance Framework

People and Remuneration

- review of the remuneration policy and remuneration system
- review of alignment of risk and remuneration
- pay review for 2023 and variable pay for 2022
- annual update of the Defined Benefit and Defined Contribution Schemes
- review of fees payable to Directors (excluding EDs) and the Board Committee Chairmen/Members of the Bank and its subsidiaries
- annual review of the remuneration of EDs, Senior Management, Key Personnels and Heads of Control Functions
- appointment of Board Committee Chairman and members
- appointments and remuneration packages of the Senior Management and Key Personnel(s)
- succession planning for the Board and the Senior Management
- performance management relating to the Senior Management
- changes of Board Composition
- re-election/election of Directors
- terms of appointment of NEDs and INEDs and independence of INEDs
- review of Employee Snapshot Survey results of 2023



Photo taken at Hang Seng Bank's 90th Anniversary Cocktail Reception on 3 March 2023

Other key matters considered by the Board in early 2024

The Board held its first regular meeting on 1 February 2024 to discuss key matters including, but not limited to the following :

- Commercial Banking Strategy
- 2023 annual results and fourth interim dividend, 2024 Financial Resource Planning and Capital Plan and 2023 Annual Report
- 2023 ESG Report and Climate Strategy with Net Zero Transition Plan
- 2024 AGM Circular to shareholders (including re-election of Director and re-appointment of external auditor at the Bank's 2024 AGM)
- 2024 fee proposals for Directors (excluding EDs) and Board Committees
- Pay review for 2024 and variable pay for 2023 (including 2023 year end pay review outcomes and update on the effectiveness of current variable pay deferral arrangement)
- Changes to Board and Board Committee Compositions of the Bank and its subsidiaries, as appropriate
- appointment of a senior executive (also member of the Executive Committee)
- Board effectiveness evaluation for 2023 and the review of the Nomination Policy
- 2024 review of risk appetite statement and framework, with quarterly risk appetite profile update as at 31 December 2023
- Connected Transaction in relation to the Limited Partnership Agreement between the Bank and the HSBC Group companies
- 2023 review of the remuneration of EDs, Senior Management, Key Personnels and Heads of Control Functions of the Bank
- Annual review of internal liquidity adequacy assessment process

Appointment and Re-election of Directors

The Board has adopted a Nomination Policy. During the year, the Nomination Policy was reviewed by the Nomination Committee and the Board in February 2024 and updated to include to emphasis on the Bank's commitment on transparent nomination process in the selection of candidates for Board appointment in accordance with the Corporate Governance Code. The latest version of the Policy is available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/).

The Nomination Policy sets a formal, considered and transparent procedure for the appointment of new Directors.

Before a prospective Director's name is formally proposed, opinions of the existing Directors (including the INEDs) will be solicited. The proposed appointment will first be reviewed by the Nomination Committee, taking into account the balance of skills, knowledge and experience on the Board. Upon recommendation of the Nomination Committee, the proposed appointment will then be reviewed and, if thought fit, approved by the Board after due deliberation. The Board may also engage external search firm to assist in the sourcing and identification of appropriate candidates for Board appointments.

The Bank will also consider the prospective Director's time commitment to the role being applied for and any potential conflicts of interest identified, if he/she has outside mandates.

Pursuant to the Group policy, the Bank will conduct enhanced vetting including qualification, experience, etc. for INEDs before his/her appointment and thereafter once every three years, as one of the measures to verify the continual fitness and propriety of the INEDs.

In accordance with the requirement under the Banking Ordinance, prior approval from HKMA will be obtained for appointment of new Directors.

The Bank issues appointment letters to each of the Directors, setting out the terms and conditions of their appointment, including the time commitment requirement. Additional time commitment is necessary if the Directors also serve on committee(s) of the Board.

All new Directors are subject to election by shareholders at the next AGM after their appointments have become effective. Further, the Bank's Articles of Association provide that all Directors shall be subject to retirement by rotation at least once every three years. Retiring Directors are eligible for re-election at AGMs of the Bank.

According to the Bank's requirement, the term of appointment of each INED is three years and INEDs should serve no more than two three-year terms with any extension subject to rigorous governance process. In renewing the term of appointment of each INED, the Board reviews whether such INED remains qualified for his/her position.

Irene Y L Lee will retire at the forthcoming AGM to be held in May 2024. Being eligible for re-election, she will offer herself for re-election at the AGM in accordance with Article 99 of the Articles of Association of the Bank. Details of the candidate standing for re-election will be set out in the 2024 AGM Circular to the shareholders. Irene Y L Lee does not have a service contract with the Bank or any of its subsidiaries that is not determinable by the Group within one year without payment of compensation (other than statutory compensation). The proposed re-election of Irene Y L Lee will be considered by separate resolutions. The Board, in accordance with the recommendation of the Nomination Committee, has determined that the size of the Board is adequate and effective for discharging its duties and responsibilities, and recommends the re-election of Irene Y L Lee, as a Director at the forthcoming 2024 AGM. As announced on 1 February 2024, Kenneth S Y Ng will step down as INED after the conclusion of the Bank's 2024 AGM. Xiao Bin Wang will succeed Kenneth S Y Ng as the Chairman of the Risk Committee with effect from the conclusion of the Bank's 2024 AGM.

Responsibilities of Directors

The Directors are encouraged to engage with the Bank's management at all levels regularly. The Directors have full and timely access to all relevant information about the Bank so that they can discharge their duties and responsibilities as Directors effectively. Through regular Board meetings and regular financial and business updates, all Directors are kept abreast of the Bank's conduct, business activities and development and regulatory updates applicable to the Bank.

The Bank recognises that the independence of the Board is a key element of good corporate governance. The Bank has established effective mechanisms entitling the Directors and Board Committee members to seek independent professional advice on matters relating to the Bank where appropriate at the Bank's expense, to ensure independent views and input are available to the Board. These mechanisms in place are subject to annual review by the Board.

The Bank has adopted a Code for Securities Transactions by Directors on terms no less than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (set out in Appendix C3 to the Listing Rules) with periodic review. Specific enquiries have been made with all Directors who have confirmed that they have complied with the Bank's Code for Securities Transactions by Directors throughout the year 2023.

The Directors' interests in securities of the Bank and HSBC Group as at 31 December 2023 have been disclosed in the "Report of the Directors" section in this Annual Report.

Appropriate Directors' liability insurance cover has also been arranged to indemnify the Directors against liabilities arising out of the discharge of their duties and responsibilities as the Bank's Directors. The coverage and the sum insured under the policy are reviewed annually. Further, the Bank's Articles of Association provide that Directors are entitled to be indemnified out of the Bank's assets against claims from third parties in respect of certain liabilities.

Board Induction and Training

The Company Secretary works with the Chairman to ensure that all Board members receive appropriate training, both individually and collectively, throughout their time on the Board. On appointment, new Directors are provided with comprehensive induction programme which covers the following key areas:

- directors' duties and responsibilities
- business operations and financial position
- risk management and internal control
- governance structure and practices
- control and support functions

The induction programme is delivered through formal briefings and introductory sessions with other Board members and the Senior Management, as appropriate to provide a clear understanding of the Bank's culture and way of operation.

Further, all Directors participate in continuous professional development to develop and refresh their knowledge and skills. They are provided with briefings and trainings on an on-going basis at the Bank's expense as necessary to ensure that they have a proper understanding of the Bank's operations and business, and are fully aware of their responsibilities under the applicable laws, rules and regulations. The Company Secretary also makes appropriate

arrangements for any additional training needs identified using internal resources, or otherwise, at the Bank's expense. The Bank maintains proper records of the briefings and trainings provided to and received by its Directors from time to time.

In addition, all Directors are provided with a "Memorandum of Directors" through the digital board portal, which sets out the scope and nature of Directors' duties and liabilities, particulars of Group policies and local regulatory and statutory requirements of which the Directors must be aware. Such memorandum is updated from time to time so as to reflect the latest internal policies, guidelines, regulatory/statutory requirements and best practices.

The following table shows a summary of key training areas received by the Directors during 2023:

Directors	Strategy and Business ¹	Risk and Control ²	Corporate Governance and ESG ³	Digital and Technology ⁴	Global Mandatory Training ⁵	Director Forum ⁶
INEDs						
Irene Y L Lee	●	●	●	●	●	●
Cordelia Chung	●	●	●	●	●	●
Clement K M Kwok	●	●	●	●	●	●
Patricia S W Lam	●	●	●	●	●	●
Huey Ru Lin	●	●	●	●	●	●
Kenneth S Y Ng	●	●	●	●	●	●
Xiao Bin Wang	●	●	●	●	●	●
NEDs						
Kathleen C H Gan	●	●	●	●	●	●
David Y C Liao	●	●	●	●	●	●
EDs						
Diana Cesar	●	●	●	●	●	●
Say Pin Saw	●	●	●	●	●	●

¹ The Directors received trainings and briefings on topic such as: "Hong Kong in China's Economy" and "Future Banking' Service Concept".

² The Directors received risk and control trainings and readings on topics such as "Guidance on Role as INED and Insights on Current Business Issues", "HKFRS 17" and "The new ISSB standards – implications for Hong Kong".

³ The Directors received trainings and readings on topics such as "Climate Related Global and Regional Developments", "Deep dive sessions on Financed Emissions and Decarbonisation Solutions", "Pathways towards sustainable cities: The progress of Hong Kong SAR and Shanghai", "2023 Regulatory Environment and Focus", "INEDs' Roles and Responsibilities" and "A Snapshot of INED's Roles and Responsibilities".

⁴ The Directors received trainings on topics such as "Cloud computing and digital assets – opportunities and challenges" and "Artificial Intelligence and ChatGPT – impact on jobs, sectors, and the future".

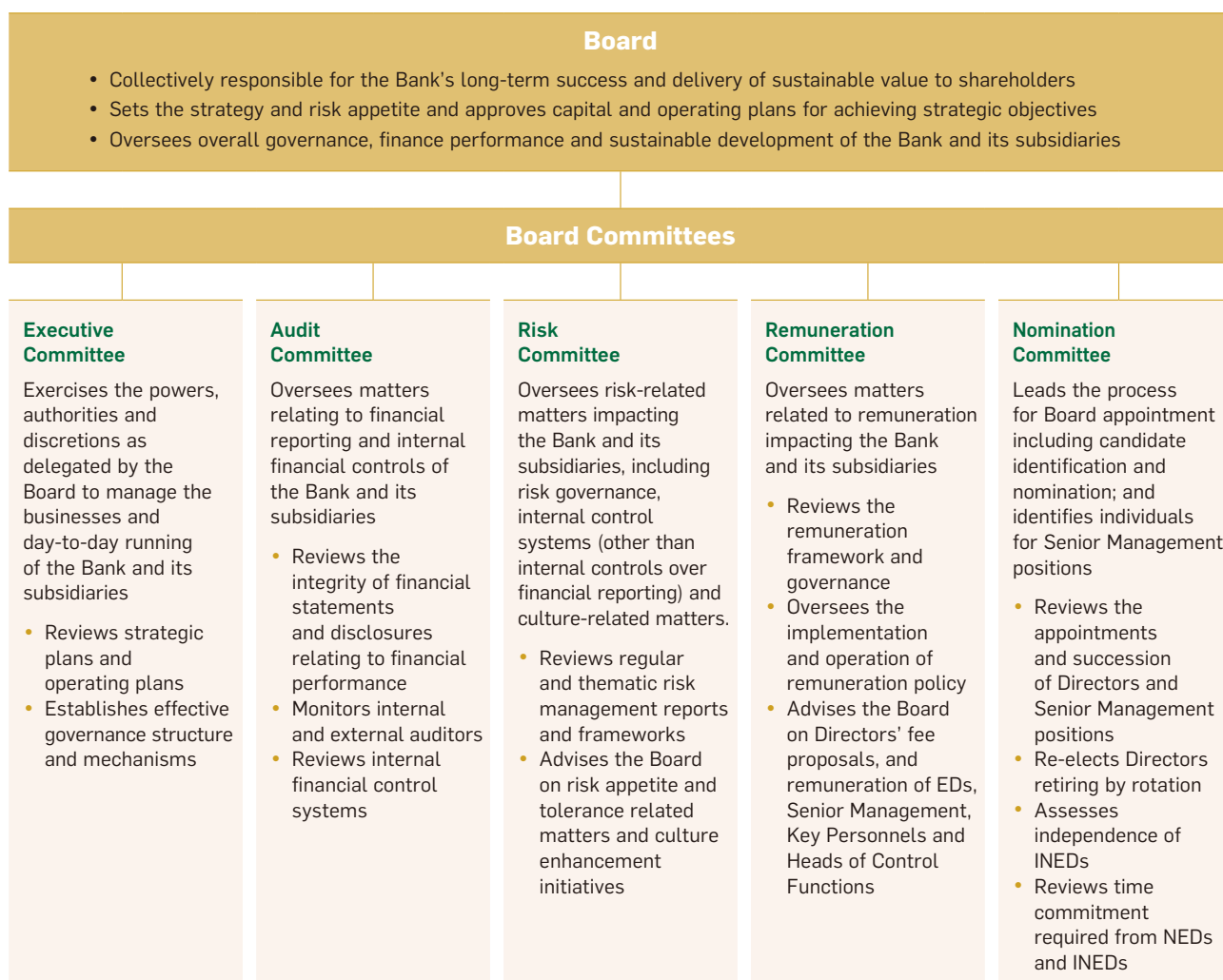
⁵ Global Mandatory Training, issued to all Directors, mirrored training undertaken by all employees, including Senior Management. This included: health, safety and wellbeing; risk management; cyber security; sustainability; financial crime, including anti-bribery and corruption, anti-money laundering, terrorist financing, sanctions, fraud and tax transparency; and our values, including data literacy, workplace harassment and data privacy.

⁶ This included a Director Summit covering: Financial Results and Strategy Update; Fireside Chat – Asia-Pacific; Governance Update and Subsidiary Chairs Panel Session; Sustainability; People: Diversity & Inclusion; Macroeconomic focus; Technology; Governance Focus; Finance, Risk or Technology session: deep dive on Finance session - Balance Sheet Management including Capital and Liquidity; Risk session - Risk Frameworks and Risk Culture; and Technology session - Opportunities and Risks with Generative AI.

Delegation by the Board

Board Committees

The Board has set up five Committees, namely, Executive Committee, Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee, to assist it in carrying out its responsibilities.



Details of the work carried by each of the Board Committees can be found in the respective committee sessions under this Corporate Governance Report.

Each of these Committees has specific written terms of reference, which set out in detail their respective authorities and responsibilities. Each Committee reviews its terms of reference and effectiveness annually. The terms of reference of all the Non-executive Board Committees are available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/).

All Committees adopt the same governance processes as the Board as far as possible and report back to the Board on their decisions and recommendations on a regular basis.

Company Secretary

The Company Secretary advises the Board on all corporate governance matters, maintains strong and consistent governance practices at Board level, facilitates induction and professional development of Directors, and ensures good information flows and communications within the Board and its committees and between the Bank's Management and the Directors. During the year, the Company Secretary undertook no less than 15 hours of relevant professional training.

Executive Committee

Membership

	Member since	Meeting attendance in 2023 ¹
Diana Cesar (Chairman)	Sep 2021	10/10
Jordan W C Cheung	Dec 2022	10/10
Kathy K W Cheung	Mar 2022	10/10
Maggie K K Cheung ²	Apr 2023	7/7
Vivien W M Chiu	Jan 2022	9/10
Rose M Cho	Jan 2021	9/10
Liz T L Chow	Jul 2017	10/10
Gloria L S Ho	May 2022	7/10
Donald Y S Lam ³	Sep 2011	7/8
Betty S M Law	Aug 2022	10/10
Gilbert M L Lee	Feb 2018	10/10
Rannie W L Lee	Jan 2022	10/10
Regina S Y Lee ⁴	Oct 2023	1/1
Godwin C C Li	Sep 2015	9/10
Say Pin Saw	Sep 2022	10/10
Ryan Y S Song	Jun 2018	10/10
Christopher H K Tsang ⁵	May 2020	5/5
Shelley W W Zhou ⁶	May 2023	5/5
Average attendance rate		96%

¹ These included ten regular meetings.

² Maggie K K Cheung was appointed as Executive Committee member with effect from 17 April 2023.

³ Donald Y S Lam ceased as Executive Committee member with effect from 14 October 2023.

⁴ Regina S Y Lee was appointed as Executive Committee member with effect from 14 October 2023.

⁵ Christopher H K Tsang ceased as Executive Committee member with effect from 1 June 2023.

⁶ Shelley W W Zhou was appointed as Executive Committee member with effect from 25 May 2023.

Meeting Process

The Executive Committee meets approximately monthly and operates as a general management committee under the direct authority of the Board.

Roles and Authorities

The Executive Committee exercises the powers, authorities and discretions as delegated by the Board in so far as they concern the management and day-to-day running of the Bank in accordance with its terms of reference and such other policies and directives as the Board may determine from time to time. The Executive Committee also sub-delegates credit, investment and capital expenditure authorities to its members and the Bank's senior executives.

Sub-committees under the Executive Committee

To support the Bank's strong governance framework and its business and operational needs, the following four formal governance-related management level committees accountable to the Executive Committee have been established:

Risk Management Meeting ("RMM")	<ul style="list-style-type: none"> provides recommendations and advice to the Bank's Chief Risk and Compliance Officer on enterprise-wide management of all risks, including key policies and frameworks for the management of risk within the Group meetings are held six times each year
Asset and Liability Management Committee ("ALCO")	<ul style="list-style-type: none"> provides recommendations and advice to the Chief Financial Officer on asset, liability and capital management related issues CFO may consider that issues should be escalated to, or further advice to be sought from RMM or the Executive Committee meetings are held eight times a year
Recovery and Resolution Planning Steering Committee ("RRPSC")	<ul style="list-style-type: none"> provides advice to the Executive Committee, the Board and other relevant governance committees of key recovery and resolution planning issues meetings are held on a quarterly basis
Culture & Conduct Committee ("CCC")	<ul style="list-style-type: none"> focuses on entity-wide activities that allow the Bank to oversee the development of the Bank's Culture and Conduct agenda, implementation and effective management/communication of the Bank's Culture Plan and Code of Conduct responsible to opine and make decisions related to the items within its scope of duties, and to escalate significant culture and conduct-related matters to the Executive Committee or RMM for attention and/or guidance meetings are held eight times a year

Audit Committee

Membership

	Member since	Meeting attendance in 2023 ¹
Clement K M Kwok (Chairman)	May 2021	5/5
Irene Y L Lee	Aug 2014	5/5
Xiao Bin Wang	Mar 2022	5/5
Average attendance rate		100%

¹ These included four regular meetings (including joint sessions with the Risk Committee) and an ad hoc full meeting with the Risk Committee.

Meeting Process

The Audit Committee meets at least four times a year. The Bank's executives including the Chief Financial Officer, Chief Risk and Compliance Officer and Head of Audit are invited to present updates and/or answer relevant questions in order to facilitate the decision-making process. The Bank's external auditor will also attend the Audit Committee meeting. The Audit Committee meets at least twice annually with the representatives of the Bank's Head of Audit and external auditor without the presence of the Management in accordance with its terms of reference and Listing Rules.

Pre-meeting with the Audit Committee Chairman will be held before the regular meeting to allow the Audit Committee Chairman to make enquiries and ask for supplemental information. Audit Committee meetings usually take place a couple of days before Board meetings to allow the Audit Committee to report its findings and recommendations in a timely and orderly manner. The Audit Committee also reports to the Board following each Audit Committee meeting, drawing the Board's attention to significant issues or matters of which the Board should be aware, identifying any matters in respect of which it considers that action or improvement is needed, and making relevant recommendations.

The Audit Committee Chairman also holds regular meetings with the Senior Management, and internal and external auditors to discuss specific issues as arisen during the year outside the formal meetings.

The participation of the Bank's senior business leader, Chief Executive, who attended two regular meetings in 2023 for presentation and answering questions, reaffirmed the ownership and accountability of financial and accounting in the first line of defence.

Roles and Authorities

The Board has delegated to the Audit Committee the oversight of matters relating to financial reporting and internal financial controls, in particular, reviewing:

- the integrity of the financial statements, formal announcements and disclosures relating to financial performance;
- the effectiveness of Internal Audit and the external audit process; and
- the effectiveness of internal financial control systems.

The Audit Committee is also responsible for making recommendations to the Board on the appointment, re-appointment, removal and remuneration of the Bank's external auditor. In addition, the Bank's whistleblowing policy, which is aligned with the Group, whereby all staff members may report incidents of improprieties in confidence and anonymity so that the same can be timely and thoroughly investigated and appropriate actions can be taken promptly.

The responsibilities of the Audit Committee are set out in its terms of reference, which are available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/) and on the website of HKEx (www.hkexnews.hk).

Matters considered during 2023

During the year, the Audit Committee held five meetings and the major work performed by the Committee was as follows:

- reviewed the financial statements for the year ended 31 December 2022 and the related documents, and internal control recommendations and audit issues noted by the Bank's external auditor
- reviewed the interim financial statements for the six months ended 30 June 2023 and the related documents, and the issues noted by the Bank's external auditor
- reviewed and approved the quarterly banking disclosure statements for reporting periods ended 31 December 2022, 31 March 2023, 30 June 2023 and 30 September 2023
- reviewed the Financial Resource Planning and capital plan for year 2023
- reviewed the quarterly financial performance and balance sheet management positions

- reviewed the Bank's current liquidity ratios and the make-up of and current pricing/liquidity of financial assets in the Bank's balance sheet following the banking failures in the United States and Credit Suisse
- reviewed and discussed the update of expected credit losses
- reviewed the financial reporting risk updates, which included the effectiveness of the Bank's internal control systems relating to financial reporting and the Bank's financial and accounting policies and practices, as well as the revised accounting standards and prospective changes to accounting standards
- reviewed the internal and regulatory stress testing approach/scenarios and results (including those of climate risk related stress tests, as appropriate)
- reviewed the significant policies and plans including, but not limited to, the Bank's Recovery Plan and internal capital adequacy assessment process
- reviewed the internal audit reports and discussed the same with the Management and Head of Audit
- adopted the Internal Audit Plan and Internal Audit Charter for 2023, and reviewed the resources arrangements, audit statistics, internal audit reports and key themes, and the progress update of the Internal Audit Planning for 2024
- reviewed the update on Sarbanes-Oxley Act (SOX) implementation, internal control system assessment and accounting reconciliations control certificates as of 31 December 2022 and 30 June 2023
- reviewed the adequacies of resources, qualifications and experience of staff of the Accounting and Financial Reporting function (including those of ESG team) and Internal Audit function, and their training programmes and budgets
- reviewed the re-appointment, remuneration and engagement letter of the Bank's external auditor, its independence and objectivity, and the effectiveness of the audit process
- reviewed the report on whistleblowing cases in 2023 and the operation and effectiveness of the whistleblowing arrangements; and the Bank's Whistleblowing Policy and Anti-Corruption Policy
- reviewed the Audit Committee's independence and effectiveness in discharging its role and responsibilities, and its terms of reference
- approved and reviewed the Audit Committee Certificates of the Bank and its subsidiaries
- reviewed the composition of the Audit Committees of the Bank's subsidiaries
- reviewed the information cascaded from and escalated significant issues to the Audit Committee of HSBC, as appropriate

Other key matters considered by the Audit Committee in early 2024

The Audit Committee held its first regular meeting on 31 January 2024 to discuss key matters including, but not limited to the following :

- 2023 annual results and fourth interim dividend, 2024 Financial Resource Planning and Capital Plan, and 2023 Annual Report and 2023 ESG Report
- Re-appointment of external auditor at the Bank's 2024 AGM
- External auditor's report on 2023 annual audit
- Changes to Audit Committee Composition of the Bank's subsidiaries, as appropriate
- Internal Audit Charter and Internal Audit Planning for 2024 and resources requirement with audit statistics, internal audit annual report for 2023 and key themes
- Sarbanes-Oxley Act (SOX) implementation, internal control system assessment and accounting reconciliations control certificates as of 31 December 2023
- Connected Transaction in relation to the Limited Partnership Agreement between the Bank and the HSBC Group companies
- Annual review of internal liquidity adequacy assessment process

During the year, the Bank's Head of Audit also had regular monthly meetings with the Audit Committee Chairman on the Bank's internal audit matters.

Risk Committee

Membership

	Member since	Meeting attendance in 2023 ¹
Kenneth S Y Ng (Chairman) ²	Jan 2019	5/5
Irene Y L Lee	May 2014	5/5
Huey Ru Lin	Nov 2022	5/5
Xiao Bin Wang ²	Aug 2023	1/1
Michael W K Wu ³	Jul 2018	2/2
Average attendance rate		100%

¹ These included four regular meetings (including joint sessions with the Audit Committee) and an ad hoc full meeting with the Audit Committee.

² Xiao Bin Wang was appointed as Risk Committee member with effect from 1 August 2023. As announced on 1 February 2024, Xiao Bin Wang will succeed Kenneth S Y Ng as the Chairman of the Risk Committee with effect from the conclusion of the Bank's 2024 AGM.

³ Michael W K Wu stepped down as INED and ceased as member of Risk Committee with effect from the conclusion of the Bank's AGM held on 4 May 2023.

Meeting Process

The Risk Committee meets at least four times a year. The Bank's executives including the Chief Financial Officer, Chief Risk and Compliance Officer, Head of Audit and General Counsel are invited to present updates and/or answer relevant questions in order to facilitate the decision-making process. The Bank's external auditor also joins the Risk Committee meeting. The Risk Committee also meets at least twice annually with the Bank's Chief Risk and Compliance Officer, Head of Audit and external auditor separately without the presence of the Management in accordance with its terms of reference and Listing Rules.

Pre-meeting with the Risk Committee Chairman will be held before the regular meeting to allow the Risk Committee Chairman to make enquiries and ask for supplemental information. Risk Committee meetings usually take place a couple of days before Board meetings to allow the Committee to report its findings and recommendations in a timely and orderly manner. The Risk Committee also reports to the Board following each Risk Committee meeting, drawing the Board's attention to significant issues or matters of which the Board should be aware, identifying any matters in respect of which it considers that action or improvement is needed, and making relevant recommendations.

The Risk Committee Chairman meets regularly with Chief Risk and Compliance Officer and the Senior Management to discuss specific risk matters that have arisen outside formal meetings.

The participation of the Bank's senior business leader, Chief Executive, who attended a regular meeting in 2023, reaffirmed the ownership and accountability of risks in the first line of defence.

Roles and Authorities

The Board has delegated to the Risk Committee oversight of risk-related matters impacting the Bank and its subsidiaries, including risk governance, internal control systems (other than internal controls over financial reporting) and culture-related matters.

Pursuant to HKMA's Circular on "Bank Culture Reform", the Board has also delegated to the Risk Committee to encompass culture-related responsibilities. Such responsibilities include actions to approve, review and assess, at least annually, the adequacy of any relevant statement which sets out the Bank's culture and behavioural standards.

The Risk Committee is responsible for, among other things, the Bank's high level risk related matters, risk appetite and tolerance, risks associated with proposed strategic acquisitions or disposals, risk management reports from the Management, effectiveness of the risk management framework and systems of internal control and compliance (other than that regarding financial reporting), and appointment and removal of the Chief Risk and Compliance Officer.

The responsibilities of the Risk Committee are set out in its terms of reference, which are available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/) and on the website of HKEx (www.hkexnews.hk).

Matters considered during 2023

During the year, the Risk Committee held five meetings and the major work performed by the Committee was as follows:

- reviewed the Bank's Culture Statement and culture dashboards
- reviewed the first line of defence reports of all lines of businesses
- reviewed the regular risk reports submitted by the Management including, but not limited to, risk management framework refresh, risk governance structure, risk appetite statement and framework and profile update, risk and compliance profile papers (including risk maps and top and emerging risks), annual plan and progress update relating to compliance, enterprise-wide risk assessment report and internal capital adequacy assessment process

- reviewed the regulatory and internal stress testing approach/scenarios and results (including those of climate risk related stress tests, as appropriate)
- endorsed the credit approval authority limits, and other significant risk policies, plans and frameworks including Recovery Plan, Risk and Compliance Culture Plan and Awareness Programme and Corporate Real Estates Credit Exit Portfolio Framework
- reviewed the Bank's current liquidity ratios and the make-up of and current pricing/liquidity of financial assets in the Bank's balance sheet following the banking failures in the United States and Credit Suisse
- reviewed the report on the alignment of risk and remuneration, and outcome of incentivising compliance for the pay review of performance year 2022
- reviewed the Internal Audit Plan and the Internal Audit Charter for 2023, and the resources arrangements, audit statistics, internal audit reports and key themes, and the progress update of the Internal Audit Planning for 2024
- reviewed the update on Sarbanes-Oxley Act (SOX) implementation, internal control system assessment and accounting reconciliations control certificates as of 31 December 2022 and 30 June 2023
- reviewed the adequacy of resources, qualifications and experience of staff of the Risk and Compliance functions, and their training programmes and budgets
- reviewed the report on whistle-blowing cases in 2023 and the operation and effectiveness of the whistleblowing arrangements; and the Bank's Whistleblowing policy and Anti-corruption Policy
- reviewed other risk related reports in relation to progress update of climate risk management, risk appetite metric limit update, China and Hong Kong commercial real estate portfolios, corporate credit risk management, and property mortgage loan dashboard
- reviewed other operations related reports in relation to operational resilience programme and scenario testing strategy, non-financial risk first line reports, update on business continuity plans of the Bank and HACN, and IT incident overview, third party risk management and outsourcing status updates, independent review on customer notification process, technology and cyber security risk update, and digital assets and currencies strategy
- reviewed the Risk Committee's independence and effectiveness in discharging its role and responsibilities, and its terms of reference
- approved and reviewed the Risk Committee Certificates of the Bank and its subsidiaries
- reviewed the integration of the Risk and Compliance functions and endorsed the appointment of Chief Risk and Compliance Officer for the Board's approval
- approved and endorsed the appointment of a Risk Committee Member of the Bank
- reviewed the composition of the Risk Committees of the Bank's subsidiaries
- reviewed the information cascaded from and escalated significant issues to the Risk Committee of HSBC, as appropriate

Other key matters considered by the Risk Committee in early 2024

The Risk Committee held its first regular meeting on 31 January 2024 to discuss key matters including, but not limited to the following:

- Climate Strategy with Net Zero Transition Plan
- Risk-related issues arising from external auditor's report on 2023 Annual Report
- Changes to Risk Committee Composition of the Bank and its subsidiaries, as appropriate
- Internal Audit Charter and Internal Audit Planning for 2024 and resources requirement with audit statistics, internal audit annual report for 2023 and key themes
- Sarbanes-Oxley Act (SOX) implementation, internal control system assessment and accounting reconciliations control certificates as of 31 December 2023
- Annual review of internal liquidity adequacy assessment process
- First line of defence report from Wealth and Personal Banking business
- 2024 review of risk appetite statement and framework, with quarterly risk appetite profile update as at 31 December 2023
- Alignment of risk and remuneration and outcome of incentivising compliance for performance year 2023 variable pay
- Update on Data Risk and progress update of 2023 Annual Compliance Plan

Remuneration Committee

Membership

	Member since	Meeting attendance in 2023 ¹
Cordelia Chung (Chairman) ²	Mar 2022	3/3
Patricia S W Lam ³	May 2023	2/2
Irene Y L Lee	May 2021	3/3
Michael W K Wu ⁴	Mar 2022	1/1
Average attendance rate		100%

¹ These included three regular meetings.

² Cordelia Chung was appointed as Remuneration Committee Chairman with effect from the conclusion of the Bank's AGM held on 4 May 2023.

³ Patricia S W Lam was appointed as Remuneration Committee member with effect from the conclusion of the Bank's AGM held on 4 May 2023.

⁴ Michael W K Wu stepped down as INED and ceased as Remuneration Committee Chairman with effect from conclusion of the Bank's AGM held on 4 May 2023.

Meeting Process

The Remuneration Committee meets at least twice a year to consider and provide advice to the Board on the remuneration policy and structure in order to underpin the Bank's people strategy.

In determining the bank-wide remuneration policy, the Remuneration Committee will take into account the Bank's business objective, people strategy, short-term and long-term performance, business and economic conditions, market practices, conduct, compliance and risk control, in order to ensure that the remuneration aligns with business and individual performance, promotes effective risk management, facilitates retention of quality personnel and is competitive in the market. The Remuneration Committee may invite any Director, executive, consultant or other relevant party to provide advice in this respect, if necessary. In 2023, the Remuneration Committee engaged an external consultant to undertake an independent review of the Bank's remuneration policy and its implementation for year 2023.

The Remuneration Committee reports to the Board following each Committee meeting, and draws to the Board's attention any significant issues, identify any action or improvement required, and makes relevant recommendations.

The Remuneration Committee Chairman also meets regularly with Senior Management to discuss agenda planning.

Roles and Authorities

The Board has delegated to the Remuneration Committee the oversight of matters related to remuneration impacting the Bank and its subsidiaries, in particular for:

- satisfying itself that the remuneration framework is appropriate to attract, retain and motivate individuals of the quality required to support the success of the Bank
- overseeing the implementation and operation of the remuneration policy of the Bank, which is aligned with the Group's remuneration framework
- satisfying itself that the remuneration framework complies with any relevant local law, rule or regulation
- satisfying itself that the remuneration framework is in line with the risk appetite, business strategy, culture and values, and long-term interests of the Bank

The Remuneration Committee also considers and proposes for the Board's approval the remuneration packages of all EDs, Senior Management, Key Personnels and Heads of Control Functions. In addition, it reviews at least annually and independently of the Management, the adequacy and effectiveness of the Bank's remuneration policy and its implementation, to ensure that the Bank's remuneration practices are consistent with relevant regulatory requirements and promotes effective risk management.

The responsibilities of the Remuneration Committee are set out in its terms of reference, which are available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/) and on the website of HKEx (www.hkexnews.hk).

Matters considered during 2023

During the year, the Remuneration Committee held three meetings and the major work performed by the Committee was as follows:

- endorsed the remuneration packages of EDs, Senior Management, Key Personnels and Heads of Control Functions of the Bank and recommended to the Board for approval
- endorsed the proposed variable pay for 2022 and pay review proposal for 2023 (including 2022 year end pay review outcomes) and reviewed 2022 performance year pay review survey results and actions
- reviewed on the 2023 performance year pay review cycle and other 2023 priorities including the refreshed reward strategy and principles into framework
- reviewed the update of the 2023 performance year pay review, fixed pay and variable pay pool consideration, and 2024 performance year pay changes
- reviewed the report on the alignment of risk and remuneration, and outcome of incentivising compliance for performance year 2022 variable pay
- reviewed the enhanced staff medical benefits for Hong Kong and Macau, and the enhancements made to the benefits offering across the Bank's entities from 2024
- reviewed the fees payable to Directors (excluding EDs) and Committee Chairmen/Members of the Bank and its subsidiaries
- reviewed the remuneration policy of the Bank and approved the appointment of independent reviewer for the annual review of the Bank's remuneration policy and its implementation
- reviewed the outcome of the independent review by an external reviewer of the Bank's remuneration policy and remuneration system, and the adequacy and effectiveness of its implementation
- reviewed the update of Group Material Risk Takers review outcome and relevant regulatory developments
- reviewed the Remuneration Committee's effectiveness in discharging its role and responsibilities, and its terms of reference

- approved and reviewed the Remuneration Committee Certificates of the Bank and its subsidiaries
- approved and endorsed the appointment of Remuneration Committee Chairman and Member of the Bank, and the changes to Remuneration Committee composition of the Bank's subsidiaries, as appropriate
- endorsed the remuneration packages and severance payment for Senior Management and the fixed term contract of a Key Personnel for recommendation to the Board for approval
- reviewed the composition of the Remuneration Committees of the Bank's subsidiaries
- reviewed the information cascaded from and escalated significant issues to the Remuneration Committee of HSBC, as appropriate

Other key matters considered by the Remuneration Committee in early 2024

The Remuneration Committee held its first regular meeting on 1 February 2024 to discuss key matters including, but not limited to the following :

- Alignment of risk and remuneration and incentivising compliance for performance year 2023 variable pay
- Pay review for 2024 and variable pay for 2023 (including 2023 year end pay review outcomes and update on the effectiveness of current variable pay deferral arrangement)
- 2023 review of the remuneration of EDs, Senior Management, Key Personnels and Head of Control Functions of the Bank
- 2024 fee proposals for Directors (excluding EDs) and Board Committees
- Remuneration package of a Senior Management (also member of the Executive Committee) to take effect from 22 February 2024
- Changes to Remuneration Committee Composition of the Bank's subsidiaries, as appropriate

Nomination Committee

Membership

	Member since	Meeting attendance in 2023 ¹
Irene Y L Lee (Chairman)	Dec 2020	2/2
Diana Cesar	Sep 2021	2/2
Cordelia Chung ²	Aug 2023	1/1
Patricia S W Lam	July 2022	2/2
David Y C Liao	Sep 2021	2/2
Kenneth S Y Ng ³	May 2022	2/2
Michael W K Wu ⁴	May 2013	1/1
Average attendance rate		100%

¹ These included two regular meetings.

² Cordelia Chung was appointed as Nomination Committee member with effect from 1 August 2023.

³ As announced on 1 February 2024, Kenneth S Y Ng will step down as INED of the Bank and a member of the Nomination Committee, with effect from the conclusion of the Bank's 2024 AGM.

⁴ Michael W K Wu stepped down as INED and ceased as a member of the Nomination Committee with effect from the conclusion of the Bank's AGM held on 4 May 2023.

Meeting Process

The Nomination Committee meets at least twice a year. It leads the process for Board appointments and identifies and nominates candidates for appointment to the Board, for the Board's approval.

The Nomination Committee reports to the Board following each Committee meeting, drawing the Board's attention to significant issues or matters of which the Board should be aware, identifying any matters in respect of which it considers that action or improvement is needed, and making relevant recommendations.

Roles and Authorities

The Nomination Committee shall be responsible to the Board for leading the process for Board appointments by identifying and nominating suitable candidates for the approval by the Board to complement the Bank's corporate strategy. The Nomination Committee shall also have

responsibility for identifying individuals suitably qualified to become members of Senior Management and selecting, or making recommendations to the Board on the selection of, individuals nominated for Senior Management positions (based on the role and its responsibilities and the knowledge, experience and competence which the role requires).

The Nomination Committee also considers, among other things, the structure, size and composition of the Board and Non-executive Board Committees, independence of INEDs, re-election of Directors, succession planning of Directors, term of appointment of NEDs, time commitment required from NEDs and INEDs, appointment to Board Committees, and approves the appointment to the position of "manager" as defined under the Banking Ordinance.

The responsibilities of the Nomination Committee are set out in its terms of reference, which are available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/) and on the website of HKEx (www.hkexnews.hk).

Nomination Policy

The Bank has adopted its Nomination Policy to ensure that proper selection and nomination processes are in place for Board appointments. The Nomination Committee shall consider the candidates based on merit having regard to the balance of skills, knowledge and experience on the Board as well as the overall Board diversity and shall undertake adequate due diligence in respect of the proposed candidates and make recommendations based on the selection criteria and such other factors that it considers appropriate for the Board's consideration and, if thought fit, approval. If necessary, the Bank may also engage external search firm to assist in the sourcing and identification of appropriate candidates for Board appointments. The Nomination Policy is also available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/). The Bank will from time to time review the Nomination Policy and monitor its implementation to ensure its compliance with regulatory requirements and good corporate governance practices.

Matters considered during 2023

During the year, the Nomination Committee held two meetings and the major work performed by the Committee was as follows:

- endorsed the appointment of Board Committee Chairman and members of the Bank for the Board's approval
- endorsed/approved the appointment of the Senior Management and a Key Personnel
- approved the process change on regulatory notification on appointment, cessation and change in personal particulars of "managers" as defined under the Banking Ordinance; and reviewed the relevant changes "managers' list" of the Bank
- reviewed the Board Succession Plans of the Bank and its subsidiaries, and succession planning for Senior Management of the Bank
- endorsed the Board Diversity Policy for the Board's approval
- reviewed the structure, size and composition of the Board and Non-executive Board Committees
- reviewed the independence of INEDs
- reviewed the time commitment required from NEDs and INEDs
- endorsed the renewal of terms of appointment of NEDs and INEDs
- reviewed/endorsed the re-election/election of Directors
- reviewed the Nomination Committee's effectiveness in discharging its role and responsibilities, and its terms of reference
- escalated significant issues to the Nomination Committee of HSBC, as appropriate

Other key matters considered by the Nomination Committee in early 2024

The Nomination Committee held its first regular meeting on 1 February 2024 to discuss key matters including, but not limited to the following:

- Changes to Board and Board Committee composition of the Bank and its subsidiaries, as appropriate
- Annual review of independence of INEDs, time commitment of NEDs and INEDs, and re-election of Director at the Bank's 2024 AGM
- Appointment of a Senior Management (also member of the Executive Committee) to take effect from 22 February 2024
- Review of the Nomination Policy

Remuneration of Directors, Senior Management and Key Personnel

Our performance and pay framework is underpinned by our Group's Remuneration Strategy and principles. The refreshed reward strategy and wider employee proposition centred on our purpose and values. The refreshed principles and supporting commitments articulate the experience for employees and provide a clear framework to create a dynamic culture where the best talent is motivated to deliver high performance. These principles are:

1. **We will reward you responsibly** through fixed pay security and protection through core benefits, a competitive total compensation opportunity, and pay equity with a more inclusive and sustainable benefits proposition over time
2. **We will recognise your success** through our performance culture and routines, including feedback and recognition, pay for performance, and all employee share ownership opportunities
3. **We will support you to grow** through our proposition beyond pay, with a focus on future skills and development, your mental, physical, social and financial well-being, and flexibility in working practices

Remuneration of Directors

The remuneration paid to NEDs and EDs is subject to annual review in accordance with the remuneration framework of the Bank.

The level of fees paid to NEDs is determined with reference to the Directors' responsibilities and commitment, and fees paid by comparable institutions. No equity-based remuneration with performance-related elements is granted to INEDs by the Bank to ensure their objectivity and independence.

As regards EDs, the following factors are considered with reference to the Remuneration Policy of the Bank when determining their remuneration packages:

- balanced scorecard of relevant financial and non-financial objectives including appropriate risk and compliance objectives, differentiated by performance
- general business and economic conditions
- changes in appropriate markets such as supply/demand fluctuations and changes in competitive conditions
- individual contributions to the Bank
- right behaviours aligned with the Group values, culture and conduct expectation
- retention consideration and individual potential

No individual Director is involved in deciding his/her own remuneration.

The current scale of Director's fees, and fees for chairmen and members of the Non-executive Board Committees, namely, Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee, are set out below:

	(HK\$)
Board of Directors¹	
Chairman	860,000
NEDs	660,000
Audit Committee	
Chairman	610,000
Members	290,000
Risk Committee	
Chairman	610,000
Members	290,000
Remuneration Committee	
Chairman	340,000
Members	200,000
Nomination Committee	
Chairman	450,000
Members	200,000

¹ In line with the remuneration policy of the HSBC Group, no Director's fee is payable to those Directors who are full time employees of the Bank and its subsidiaries.

Information relating to the remuneration of Directors on a named basis for the year ended 31 December 2023 is set out in Note 14 to the Bank's 2023 Financial Statements.

Remuneration of Senior Management and Key Personnel

According to HKMA's SPM CG-5 "Guideline on a Sound Remuneration System", authorised institutions are required to make disclosures in relation to their remuneration systems as appropriate. The Bank has fully complied with HKMA's disclosure requirements set out in Part 3 of the said Guideline.

There are 18 Senior Management members¹ and 6 Key Personnel² in 2023. The aggregate amount of remuneration³ of the Senior Management and Key Personnel during the year, split into fixed and variable remuneration, is set out below:

Remuneration amount and quantitative information	2023	2022
Fixed remuneration		
1 Number of employees	24	28
2 Total fixed remuneration (HK\$ '000)	82,687	78,366
3 Of which: cash-based	82,687	78,366
Variable remuneration		
4 Number of employees ⁴	24	28
5 Total variable remuneration (HK\$ '000) ⁵	51,453	51,989
6 Of which: cash-based	28,367	28,469
7 Of which: deferred	9,040	9,178
8 Of which: shares or other share-linked instruments	23,086	23,520
9 Of which: deferred	12,557	12,529
10 Total remuneration (HK\$ '000)	134,140	130,555

¹ Senior management refers to those executives who are (a) EDs of the Bank; (b) Alternate Chief Executives of the Bank; (c) Members of the Executive Committee of the Bank; and (d) Head(s) of the Bank's principal subsidiary/subsidiaries with offshore operations and with total assets representing more than 5% of the Bank's total assets. Among the senior colleagues mentioned above, 18 of them are Executive Committee members (including new joiners and leavers) of the Bank in 2023.

² Key Personnel refers to employees classified as "Identified Staff and Material Risk Takers" (collectively referred as "Material Risk Takers" or "MRTs") under the UK Prudential Regulation Authority Remuneration Rules.

³ Remuneration refers to all remuneration payable to employees during the year with reference to their tenure as Senior Management and Key Personnel. The forms of variable remuneration and the proportion deferred are based on the seniority, role and responsibilities of employees and their level of total variable compensation. As the total number of Senior Management and Key Personnel involved is relatively small, to avoid individual figures being deduced from the disclosure, aggregate figures are disclosed in this section.

⁴ Number of employees disclosed above includes leavers who may have zero variable pay.

⁵ No deferred variable remuneration had been reduced through performance adjustments in 2023 and 2022.

The emoluments of 18 Senior Management members by total remuneration bands for 2023 are set out below:

Hong Kong dollars	Number of Senior Management
Below \$5,000,000	9
\$5,000,001 – \$10,000,000	7
\$10,000,001 – \$15,000,000	1
\$15,000,001 – \$20,000,000	–
\$20,000,001 – \$25,000,000	1

The aggregate amount of special payments of the Senior Management and Key Personnel awarded during the year is set out below:

Special payments	2023		2022	
	Number of employees	Total amount (HK\$ '000)	Number of employees	Total amount (HK\$ '000)
1 Guaranteed bonuses	–	–	–	–
2 Severance payments	3	2,640	–	–

The aggregate amount of deferred and retained variable remuneration of Senior Management and Key Personnel is set out below:

Deferred and retained remuneration(HK\$ '000)	2023		2022	
	Cash	Shares	Cash	Shares
1 Total amount of outstanding deferred remuneration ^{6 & 8}	20,486	31,709	20,527	27,615
2 <i>Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment</i>	20,486	31,709	20,527	27,615
3 Total amount of amendment during the year due to ex post implicit adjustments ⁹	–	4,610	–	2,033
4 Total amount of deferred remuneration paid out in the financial year ^{7 & 8}	7,882	17,964	9,826	18,898

⁶ Outstanding, unvested, deferred remuneration is exposed to ex post explicit adjustments via malus.

⁷ Paid and vested variable pay made to Material Risk Takers is subject to clawback.

⁸ There is no reduction of deferred remuneration and retained remuneration due to ex post explicit adjustments during 2023 and 2022 via the application of malus and/or clawback.

⁹ Outstanding, unvested, deferred shares are exposed to ex post implicit adjustments. The total value of these shares was calculated based on the closing market share price of HSBC Holding plc (London) as at 31 December of the respective financial years. HSBC's share price was 23.23% higher as at 29 December 2023 when compared to that of 30 December 2022.

Other relevant remuneration disclosures are set out in Notes 14, 15 and 48(b) to the Bank's 2023 Financial Statements.

Accountability and Audit

Financial Reporting

The Board aims at making a balanced, clear and comprehensive assessment of the Bank's performance, position and prospects. A financial resource planning is reviewed and approved by the Board on an annual basis. Reports on financial results, business performance and variances against the approved financial resource planning are made available to the Board for review and monitoring on a monthly basis.

The Board oversees and reviews from time to time the Bank's strategic plan (covering a period of three to five years) and the implementation of the plan.

The annual and interim results of the Bank are announced in a timely manner within two months after the end of the relevant year or period. Further, the Bank also publishes the Banking Disclosure Statement on a quarterly basis pursuant to HKMA's requirements, which provides additional financial information to the public.

The Directors acknowledge their responsibilities for preparing the accounts of the Bank. As at 31 December 2023, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Bank's ability to continue as a going concern. Accordingly, the Bank's Directors have prepared the financial statements of the Bank on a going-concern basis.

The responsibilities of the external auditor with respect to financial reporting are set out in the "Independent Auditor's Report" attached to the Bank's 2023 Financial Statements.

Internal Controls

System and Procedures

The Board is responsible for internal control of the Bank and its subsidiaries and for reviewing its effectiveness.

The Bank's internal control system comprises a well-established organisational structure and comprehensive policies and standards. Areas of responsibilities for each business and functional unit are clearly defined to ensure effective checks and balances.

Procedures have been designed for safeguarding assets against unauthorised use or disposition, for maintaining

proper accounting records and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud. Procedures have also been designed to ensure compliance with applicable laws, rules and regulations.

Systems and procedures are in place in the Bank to identify, control and report on the major types of risks the Bank encounters. Business and functional units are responsible for the assessment of individual types of risk arising under their areas of responsibilities, the management of the risks in accordance with risk management procedures and the reporting on risk management. The Bank maintains an effective risk management framework through the setting up of specialised management committees for the oversight and monitoring of major risk areas and the establishment of risk and compliance management departments under the relevant control functions of the Bank. Relevant risk management reports are submitted to ALCO, Risk Management Meeting, Executive Committee, and Risk Committee, and ultimately to the Board for oversight and monitoring of the respective types of risk. The Bank's key risk management policies and major control limits are approved by the Board or its delegated committees, and are monitored and reviewed regularly according to established policies and procedures.

More detailed discussion on the policies and procedures for management of each of the major types of risk the Bank encounters is set out in the section "Risk" of the "Management Discussion and Analysis" in this Annual Report.

Annual Assessment

A review of the effectiveness of the Bank's internal control system covering all material controls, including financial, operational, compliance, and risk management controls, is conducted annually. The review at the end of 2023 was conducted with reference to the COSO (The Committee of Sponsoring Organisations of the Treadway Commission) internal control framework, which assesses the Bank's internal control system against the five elements of control environment, risk assessment, control activities, information and communication, and monitoring. The review results have been reported to the Audit Committee, the Risk Committee and the Board. The Board has received a confirmation from the Management on the effectiveness of the Bank's risk management and internal control systems. The Board is satisfied that such system is effective and adequate.

In addition, the Bank through the Audit Committee, has also reviewed the adequacy of resources, qualifications and experience of staff of Finance function (including ESG team) as well as their succession planning, training programmes and budget.

Framework for Disclosure of Inside Information

The Bank has put in place a robust framework for the disclosure of inside information in compliance with the Securities and Futures Ordinance. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Bank and its subsidiaries. The framework and its effectiveness are subject to review on a regular basis according to established procedures.

The Bank has a Disclosure and Controls Committee to support and discharge the Bank's obligations under applicable legislations and regulations relating to external disclosure obligations in Hong Kong. The memberships are Chief Financial Officer, Chief Risk and Compliance Officer, and Company Secretary and Head of Corporate Governance. The Disclosure and Controls Committee has the discretion to decide whether a matter should be referred to the Board of Directors, the Chairman of the Board or a Committee of the Board or to the HSBC Group.

Internal Audit

The primary role of the Internal Audit function is to help the Board and the Management to protect the assets, reputation and sustainability of the Bank. The Internal Audit function provides independent and objective assurance as to whether the design and operational effectiveness of the Bank's framework of risk management, control and governance processes, as designed and represented by the Management, is adequate.

The Bank has adopted a risk management and internal control structure, referred to as the "Three Lines of Defence", to ensure it achieves its commercial aims while meeting regulatory and legal requirements, and its responsibilities to shareholders, customers and staff. The Internal Audit function's role as the third line of defence is independent of the first and second lines of defence. The Bank's Head of Audit reports to the Chairman and the Audit Committee.

An Internal Audit Charter is reviewed and approved by the Audit Committee periodically which has detailed the purpose, organisation, authority, independence and objectivity,

accountabilities and scope of work, and standards of audit practices to govern the work of the Internal Audit function. Further, the Internal Audit function also maintains a quality assurance and improvement programme that covers all aspects of internal audit activity, including conformance with The Institute of Internal Auditors (IIA) Standards, applicable regulatory guidance and internal audit policies and procedures.

Results of audit work together with an assessment of the overall risk management and control framework are reported to the Audit Committee and the Risk Committee as appropriate. The Internal Audit function also reviews the Management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

External Auditor

PricewaterhouseCoopers, Certified Public Accountants and a Registered Public Interest Entity Auditor, is the Bank's external auditor. The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment, removal and remuneration of the external auditor. The external auditor's independence and objectivity, and the effectiveness of the audit process are also reviewed and monitored by the Audit Committee on a regular basis.

During 2023, fees paid to the Bank's external auditor for audit services amounted to HK\$35 million, compared with HK\$28 million in 2022. For non-audit services, the fees paid to the Bank's external auditor amounted to HK\$15 million, compared with HK\$16 million in 2022. In 2023, the non-audit service assignments covered by these fees included HK\$2 million for other assurance services.

Audit Committee

The Audit Committee assists the Board in meeting its responsibilities for ensuring effective systems of internal control and compliance relating to financial reporting, and in meeting its financial reporting obligations, as well as overseeing the implementation and effectiveness of whistleblowing policies and arrangements.

Risk Committee

The Risk Committee assists the Board in meeting its responsibilities for ensuring effective systems of risk management, internal control and compliance (other than that relating to financial reporting), in meeting its risk governance obligations. The Risk Committee also advises and assists in the Board's review of the effectiveness of culture enhancement initiatives.

Engagement with Shareholders

The Bank trusts continued communication and engagement are keys to build trust and understanding between the Bank and its stakeholders. We attach great importance to engaging our stakeholders, including shareholders, employees and investors, as well as the wider community and keeping our stakeholders communicated about our business strategies and outlook and reciprocally the Bank to understand their views and to address their concerns.

Shareholders Communication

The Bank maintains open and constructive dialogue with its shareholders and provides them with the information necessary to make sound investment decisions. The Bank has established a Shareholders Communication Policy which sets out the Bank's processes to provide shareholders and the investment community with ready, equal and timely information on the Bank for them to make informed assessments of the Bank's strategy, operations and financial performance, and to engage actively with the Bank and exercise their rights as shareholders in an informed manner. The most recent review of the policy was undertaken and approved by the Board in November 2023 and the effectiveness of the Policy was confirmed considering multiple channels were in place and adopted to reflect the current best practice in communications with shareholders and the investment community. The said policy, which is subject to annual review, is available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/).

Dividend Policy

The Bank is committed to providing our shareholders with sustainable and outstanding returns. All shareholders are entitled to receive dividends according to our Dividend Policy. The Bank has formulated a Dividend Policy to set out the Bank's medium to long term dividend objective to maintain steady dividends in light of profitability, regulatory requirements, growth opportunities and the operating environment. Its roadmap is designed to generate increasing shareholders' value through strategic business growth. The Bank would balance solid yields with the longer-term reward of sustained share price appreciation. Dividend payment shall, in general, take into consideration factors including regulatory requirements, financial results, level of distributable reserves, general business conditions and strategies, strategic business plan and capital plan, statutory and regulatory restrictions on dividend payment and other factors the Board may deem relevant.

The latest version of the Policy is available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/). The financial calendar and the dividend-related dates for the year ended 31 December 2023 are set out in "Shareholder Information" section under the "Corporate Information and Other Information" of this Annual Report.

Annual General Meeting

The AGM provides a useful forum for shareholders to exchange views with the Board. The Bank's Chairman, EDs, Chairmen of the Board Committees and NEDs are available at the AGM to answer questions from shareholders about the business and performance of the Bank. In addition, the Bank's external auditor is also invited to attend the AGM to answer questions about the conduct of the audit, and the preparation and contents of the auditor's report. Separate resolutions are proposed at general meetings for each substantial issue, including the re-election and election (as the case may be) of individual Directors. An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the AGM, to ensure that shareholders are familiar with such procedures.

In light of gradually relaxed social distancing measures following the local epidemic situation continuing to subside, the Bank's last AGM was held in a hybrid format on Thursday, 4 May 2023 ("2023 AGM") with physical attendance at Hang Seng Bank Headquarters and online participation through which shareholders were allowed to view the live webcast of the 2023 AGM, submit questions and cast their votes, and were counted towards the quorum of the meeting. Shareholders were also encouraged to express their views before the 2023 AGM by submitting their questions to a designated email account.

All resolutions at the 2023 AGM were decided on a poll. All the resolutions proposed at that meeting were approved by poll. Details of the poll results are available under the section "Investor Relations" of our website (www.hangseng.com).

New Articles of Association of the Bank was also adopted at the 2023 AGM with a view to bringing the Articles of Association in line with the Companies (Amendment) Ordinance 2023 which comes into operation with effect from 28 April 2023 and to give the Bank greater flexibility to align with technological advances or to accommodate particular circumstances, such that the Bank may convene general

meetings by virtual meetings, as an alternative to physical meetings or hybrid meetings. Details of the key changes to the Articles of Association are set out in the circular of the Bank to shareholders dated 24 March 2023.

The next AGM will be held in May 2024. Shareholders may refer to the "Corporate Information and Other Information" section in this Annual Report for information on other important dates for shareholders.

To facilitate shareholders' understanding of the current corporate information of the Bank, details of the substantial interests in share capital and the public float information of the Bank are set out in the "Report of the Directors" section of this Annual Report; details of the types and aggregate shareholders, and important shareholders' dates in the financial year are set out in the "Corporate Information and Other Information" section of this Annual Report.

Investor Relations

The Bank attaches great importance to communication with shareholders. To this end, a number of means are used to promote greater understanding and dialogue with the investment community. The Bank holds group meetings with analysts in connection with the Bank's annual and interim

results. The results announcements are also broadcast live via webcast. Apart from the above, designated senior executives maintain regular dialogue with institutional investors and analysts to keep them abreast of the Bank's development, subject to compliance with the applicable laws and regulations. In addition, the Bank's Chief Executive and Chief Financial Officer also make presentations and hold group meetings with investors at investor forums.

Our website (www.hangseng.com) offers timely access to the Bank's financial information, announcements, circulars to shareholders and information on the Bank's corporate governance structure and practices. For efficient communication with shareholders and in the interest of environmental preservation, shareholders are encouraged to browse the Bank's corporate communications on our website, instead of receiving printed copies.

Stakeholders Engagement

The Board is committed to engaging and maintaining high standards of corporate governance with key stakeholders, including customers, employees, investors, communities, regulators and government, suppliers, and other relevant stakeholders as well as aligning with HSBC Group strategy.

HASE's stakeholders	How we engage	Material topics highlighted by the engagement
Customers	Customers' voices are heard through the interactions with them, surveys and by listening to their complaints	<ul style="list-style-type: none"> - Customer advocacy - Cybersecurity
Employees	Colleagues' voices are heard through employee Snapshot survey, exchange meetings, and "speak-up" channels, including the global whistleblowing platform, <i>HSBC Confidential</i>	<ul style="list-style-type: none"> - Employee training - Diversity and inclusion - Employee engagement
Investors	The Bank engages with its stakeholders through the Bank's AGMs, virtual and in-person meetings, conferences and surveys	<ul style="list-style-type: none"> - Thermal coal policies - Energy policies - Net Zero Commitment
Communities	The Bank welcomes dialogue with external stakeholders including non-governmental organisations and other civil societies groups	<ul style="list-style-type: none"> - Financial inclusion and community investment
Regulators and governments	The Bank proactively engages regulators and governments to facilitate strong relationships through virtual and in-person meetings and by responding to consultations individually and jointly via industry bodies	<ul style="list-style-type: none"> - Anti-bribery and corruption - Conduct and product responsibility
Suppliers	The Bank's code of conduct for suppliers of goods and services sets out how we engage our suppliers on ethical and environmental performance	<ul style="list-style-type: none"> - Human rights - Supply chain management

The Bank would continue to strengthen the governance and practices to ensure that the Bank creates sustainable value to all stakeholders.

Calling an Extraordinary General Meeting

Shareholder(s) holding not less than five percent of the total voting rights of all the members having a right to vote may request to call an Extraordinary General Meeting ("EGM") of the Bank.

The requisition (a) must state the general nature of the business to be dealt with at the meeting, (b) must be signed by the requisitionist(s), and (c) may either be deposited at the Bank's registered office at 83 Des Voeux Road Central, Hong Kong in hard copy form or sent by email to egmrequisition@hangseng.com. If the resolution is to be proposed as a special resolution, the requisition should include the text of the resolution and specify the intention to propose the resolution as a special resolution. The requisition may consist of several documents in like form, each signed by one or more requisitionist(s).

The requisition must also state (a) the name(s) of the requisitionist(s), (b) the contact details of the requisitionist(s), and (c) the number of ordinary shares of the Bank held by the requisitionist(s).

The Directors must proceed to convene an EGM within 21 days from the date of receipt of the requisition. Such meeting should be held on a date not more than 28 days after the date on which the notice convening the meeting is given.

If the Directors fail to convene the EGM as aforesaid, the requisitionist(s), or any of them representing more than one-half of the total voting rights of all of them, may themselves convene the meeting. Any meeting so convened shall not be held after the expiration of three months from the date of the deposit of the requisition.

A meeting so convened by the requisitionist(s) shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

Any reasonable expenses incurred by the requisitionist(s) by reason of the failure of the Directors to convene a meeting shall be reimbursed to the requisitionist(s) by the Bank.

Putting Forward Proposals at General Meetings

Shareholders representing at least 2.5 percent of the total voting rights of all the members having a right to vote, or, at least 50 shareholders who have a relevant right to vote, may:

- put forward proposal at general meeting
- circulate to other shareholders written statement with respect to matter to be dealt with or other business to be dealt with at general meeting

For further details on shareholder qualifications, and the procedures and timeline, in connection with the above, shareholders are kindly requested to refer to Sections 580 and 615 of the Companies Ordinance (Cap 622, Laws of Hong Kong).

Further, a shareholder may propose a person other than a retiring Director of the Bank for election as a Director of the Bank at a general meeting. For such purpose, the shareholder must send to the Bank's registered address (for the attention of the Bank's Company Secretary) a written notice which identifies the candidate and includes a notice in writing by that candidate of his/her willingness to be so elected. Such notice must be sent within the seven-day period commencing on the day after the despatch of the notice of the meeting, or such other period as may be determined by the Directors from time to time, and ending no later than seven days prior to the date appointed for such meeting. Procedures for shareholders to propose candidates for election as Director of the Bank are also available on our website (www.hangseng.com/en-hk/about-us/corporate-governance/).

Putting Enquiries to the Board

Shareholders may send their enquiries requiring the Board's attention to the Bank's Company Secretary at the Bank's registered address. Questions about the procedures for convening or putting forward proposals at an AGM or EGM may also be put to the Company Secretary by the same means.

Material Related Party Transactions

Material Related Party Transactions and Contracts of Significance

The Bank's material related party transactions are set out in Note 48 to the 2023 Financial Statements. These transactions include those that the Bank has entered into with The Hongkong and Shanghai Banking Corporation Limited ("its immediate holding company") and its subsidiaries as well as its fellow subsidiaries in the ordinary course of its interbank activities, including the acceptance and placement of interbank deposits, corresponding banking transactions, off-balance sheet transactions, and the provision of other banking and financial services.

The Bank uses the information technology services of, and shares an automated teller machine network with its immediate holding company. The Bank also shares the cost of information technology projects and uses certain processing services of fellow subsidiaries. In 2023, the Bank's share of the costs included HK\$2,168 million for system development, HK\$940 million for data processing, and HK\$1,450 million for administrative services.

The Bank maintains a staff retirement benefit scheme for which a fellow subsidiary company acts as trustee and custodian and its immediate holding company act as administrator.

The Bank acts as agent for promoting Mandatory Provident Fund products administered by its immediate holding company with a fee income of HK\$138 million and distributed retail investment funds for a fellow subsidiary company with a fee income of HK\$45 million during the year of 2023.

During 2023, the Bank has paid coupons on additional tier 1 (AT1) capital instruments of HK\$708 million to its immediate holding company (2022: HK\$710 million).

These transactions were entered into by the Bank in the ordinary and usual course of business on normal commercial terms, and in relation to those which constituted connected transactions under the Listing Rules, they also complied with applicable requirements under the Listing Rules. The Bank regards its usage of the information technology services of The Hongkong and Shanghai Banking Corporation Limited (amount of information technology services cost incurred for 2023: HK\$2 million) as contracts of significance for 2023.

Continuing Connected Transactions

(a) On 21 June 2022, Hang Seng Insurance Company Limited ("HSIC"), a wholly-owned subsidiary of the Bank, renewed or amended and entered into the following agreements:

- (i) A new management services agreement ("New Management Services Agreement") with HSBC Life (International) Limited ("INHK") for a term of three years following the expiry of a previous management services agreement on 21 June 2022.

Pursuant to the New Management Services Agreement, INHK, directly or through one or more of its affiliates, provides certain management services to HSIC. INHK, on a quarterly basis, charges HSIC a fee for provision of the services on a fully absorbed cost basis plus a mark-up of 6%. These charges, which are subject to an annual cap, were determined following negotiation on an arm's length basis and in accordance with the policy of the HSBC Group, which took into account the Economic Co-operation and Development transfer pricing guidelines.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps for the New Management Services Agreement exceed 0.1% but are less than 5%, the New Management Services Agreement is therefore only subject to the reporting, announcement and annual review requirements under the Listing Rules.

- (ii) A new investment management agreement ("New Investment Management Agreement") with HSBC Global Asset Management (Hong Kong) Limited ("AMHK") for a term of three years following the expiry of a previous investment management agreement on 21 June 2022.

Pursuant to the New Investment Management Agreement, AMHK acts as investment manager in respect of certain of HSIC's assets held from time to time. On 12 June 2023, some amendments were made to the New Investment Management Agreement for the purposes of providing guidance on better management of the portfolio and of adjusting downward the annual management fee rates for some asset classes (the "2023 Amendment Agreement").

HSIC has agreed to pay AMHK, on a quarterly basis, a fee of between 0.05% and 0.5% per annum of the mean value of the assets under management before the 2023 Amendment Agreement became effective. Under the 2023 Amendment Agreement, a fee of between 0.02% to 0.5% per annum (the "reduced rate") of the mean value of the assets under management is payable. The above fee (or that under the reduced rate), which is subject to an annual cap, was determined on an arm's length basis.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps for the New Investment Management Agreement exceed 0.1% but are less than 5%, the New Investment Management Agreement is therefore only subject to the reporting, announcement and annual review requirements under the Listing Rules.

Details of the terms of the New Management Services Agreement and the New Investment Management Agreement, and the relevant annual caps were announced by the Bank on 21 June 2022.

- (b) On 21 June 2016, HSIC entered into a private equity investment management agreement ("PE Investment Management Agreement") with HSBC Alternative Investments Limited ("HAIL") for a term of 11 years, pursuant to which HAIL acts as investment manager in respect of certain private equity fund investments made by HAIL on behalf of HSIC.
- (i) Certain minor amendments had been made to the PE Investment Management Agreement on 4 May 2018, 10 May 2018, and on 21 June 2019, the PE Investment Management Agreement was amended and restated to remove the retainer fee and increase the management fee cap.
- (ii) HSIC has agreed to pay HAIL between 0.35% and 0.75% per annum of the aggregate value of assets under management as an annual management fee on an aggregate basis, and in order to ensure full alignment of interests between the two parties, a performance fee of 15% carried interest if certain

hurdle rates of return are achieved for HSIC in respect of the investments made in each year of the investment period under the PE Investment Management Agreement. The above fees, which are subject to certain fee caps, were determined on an arm's length basis.

- (iii) Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement for a continuing connected transaction of a listed company must not exceed three years except in special circumstances. As the term of the PE Investment Management Agreement is 11 years, the Bank, in compliance with Rule 14A.52 of the Listing Rules, appointed an independent financial adviser to explain why the PE Investment Management Agreement requires a term that is longer than three years and to confirm that it is normal business practice for investment management agreements relating to private equity investments to be of such duration. The explanation and confirmation by the independent financial adviser were set out in the Bank's announcement on 21 June 2016.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the fee caps for the PE Investment Management Agreement exceed 0.1% but are less than 5%, PE Investment Management Agreement is therefore only subject to the reporting, announcement and annual review requirements under the Listing Rules.

Details of the terms of the PE Investment Management Agreement and the relevant fee caps were announced by the Bank on 21 June 2019.

INHK, AMHK and HAIL are all indirect wholly-owned subsidiaries of the HSBC Group, the ultimate controlling shareholder of the Bank, and therefore are connected persons of the Bank. Accordingly, all of the aforesaid agreements constitute continuing connected transactions of the Bank. The Bank has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

For the year ended 31 December 2023, the aggregate amount paid and payable under the New Management Services Agreement was approximately HK\$33 million whereas the aggregate amount paid and payable under the New Investment Management Agreement was approximately HK\$42 million, both of which were within the respective caps for the year ended 31 December 2023 of HK\$195 million and HK\$95 million respectively. The management fee of approximately US\$2,674,163 (equivalent to HK\$20,909,579) was paid and payable under the PE Investment Management Agreement for the year ended 31 December 2023, which was within the annual cap on management fee of US\$8,000,000 (approximately HK\$62,400,000). No performance fee was payable under the PE Investment Management Agreement for 2023.

In respect of all the aforesaid agreements which constitute the Bank's continuing connected transactions, all the INEDs of the Bank have reviewed the said transactions and confirmed that the said transactions have been entered into:

- (a) in the ordinary and usual course of business of the Bank and its subsidiaries;
- (b) on normal commercial terms or better; and
- (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Bank as a whole.

Further, the Bank engaged its external auditor to report on the continuing connected transactions of the Bank and its subsidiaries in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Directors confirmed that the external auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions set out in the preceding paragraphs in accordance with Rule 14A.56 of the Listing Rules.

Corporate Value

Principles and Values

The Bank has a set of clear business principles and corporate values to guide the Bank in the decisions it takes and how it operates. "Courageous Integrity" is the guiding principle for staff to speak up and to do the right thing when upholding the Bank's ethical standard and integrity. The Bank strives for an inclusive culture that enables employees to unleash their potentials.

Aspiring to be the preferred international financial partner for our clients, the Bank's refreshed purpose as an organisation is to open up a world of opportunity. Our actions are guided by four redefined core values, namely, "We value difference, We succeed together, We take responsibility, and We get it done". Employees are encouraged to embrace different perspectives and collaborate across boundaries. We should hold ourselves accountable and take the long view to achieve accomplishments. Leaders and managers are expected to bring to life the corporate values in everyday work through (a) driving a tone from the top; (b) strengthening people management capability to build the desired ethical culture; and (c) incentivising and demonstrating professional behaviours.

In line with the Bank's corporate values and business principles, a behavioural led culture change programme "RIGHT Together" with five behavioural foci was launched since 2019 to propel the Bank to "Serving Customers RIGHT and Serving the RIGHT Customers" for sustainable business growth.

Under the Purpose-led Conduct Approach Embedding Programme, the Bank will continue to assess our success against five conduct outcomes, namely (a) We understand our customers' needs, (b) We provide products and services that offer exchange of value, (c) We service customers' ongoing needs, and will put things right if we make a mistake, (d) We act with integrity in financial markets we operate in, and (e) We operate resiliently and securely to avoid harm to customers and markets.

Anti-Bribery & Corruption Policy and Whistleblowing Policy

The Bank has established an anti-bribery & corruption policy which observes the HSBC Group's Global policy and supports local anti-bribery & corruption laws and regulations with periodic review in place to ensure its effectiveness and compliance with the prevailing regulatory requirements. The Bank also adopted the HSBC Group's whistleblowing channel called "*HSBC Confidential*" which offers a safe, simple and globally consistent ways to raise concerns across various channels including contact centre, electronic form and email which are operating 7x24.

Staff Code of Conduct

To ensure the Bank operates to the highest standards of ethical conduct and professional competence, all staff are required to strictly follow the HSBC Group's Global Policy: Code of Conduct and the HASE Supplementary Code of Conduct. The HSBC Group's Global Code of Conduct sets out values, standards and general requirements that the Group expects of all staff, and the HASE Supplementary Code of Conduct provides additional information, guidance, rules and regulations according to local and regulatory requirements. These two Codes together set out the whole context of the global and local requirements, including ethical standard and values, and various legal and regulatory matters, for the Bank. Topics including, but not limited to, the legal and regulatory obligations, use of information, personal account dealings, conflicts of interest, expectations for personal relationship in the workplace, outside activities, diversity and inclusion, alcohol and drugs, and behaviour expectations at work related (including corporate and social) events are covered in the Codes. The two Codes are reviewed on an annual basis and as when required to reflect the latest regulatory requirements and the Bank's internal policies.

The Bank uses various communication channels to periodically remind staff of the requirement to adhere to the rules and ethical standards set out in the two Codes. To ensure their understanding on the rules and regulations set out in the Codes, an online curriculum was launched since 2022 and all staff are required to complete it.

Avoidance of Conflicts of Interest

The Bank has established policies and procedures to manage actual or potential conflicts of interest of its staff. Robust organisational structure has been designed to ensure adequate segregation of duties. Staff working in sensitive or high-risk areas are required to adhere to job-specific as well as staff dealing rules and undergo training on the avoidance of conflicts of interest in carrying out their duties.

Human Resources

The human resources policies of the Bank are designed to attract high calibre talents at all levels of the Bank, develop and motivate them to fulfil their potential and excel in their careers. The Bank is committed to building awareness and encouraging an open and inclusive culture, ensuring all employees would have fair and equal access to opportunities.

Employee Statistics

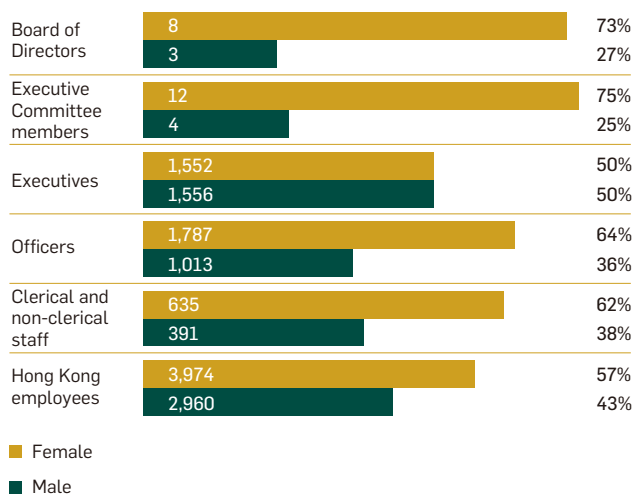
As at 31 December 2023, the Bank's total headcount was 6,932* representing a decrease of 100 or -1.4%, compared with a year earlier. The total headcount comprised 3,106* executives (50% are male and 50% are female), 2,800* officers (36% are male and 64% are female) and 1,026 clerical and non-clerical staff (38% are male and 62% are female). The female representation of senior leaders* (Global Career Band 3 or above) in the Hang Seng Group (including operations in Hong Kong, China, and overseas representative offices) was targeted at 41% for 2023. As at 31 December 2023, we have achieved 50%*.

In 2023, the Bank has achieved a gender balance at all four levels (50%-75% women), including our Board, executive, Senior Management and workforce as follow:

- 73% of Board of Directors are female
- 75% of Executive Committee members* are female
- 50% of senior leaders* are female
- 57% of our employees* in Hong Kong are female

In 2024, the Bank will continue to sustain its inclusive culture where everyone has the opportunity to grow and achieve their career objectives in the Bank, thereby improve and sustain the Bank's female representation at the senior level.

Gender Diversity Data*



* Include employees seconded from HSBC

Our female representation is driven by three factors: hiring, promotion and attrition (as of the end of 2023).

- 50% of the Bank's external senior hires are female
- 62% of the Bank's promotion into senior leaders are female
- 27% of the Bank's voluntary attrition of senior leaders are female

To build a diverse and inclusive workforce, all hiring managers are required to complete a learning programme on hiring and selection. The programme prepares hiring managers with interviewing skills and raises their awareness of unconscious bias in the selection of candidates.

Employee Remuneration

The Bank aims to attract, motivate and retain the people we need. The Bank's reward strategy supports this objective through rewarding those who are committed to a long-term career with the Bank with demonstrated sustainable performance, strong alignment to corporate values and adherence to risk and compliance standards.

The Remuneration Committee oversees the Bank's overall remuneration strategy and ensures it is compliant with local laws, rules or regulations; is in line with the risk appetite, business strategy, culture and values, and long-term interests of the Bank; and is appropriate to attract, retain and motivate employees to support the success of the Bank. The fundamental principles, philosophies and processes are documented in the Bank's remuneration policy.

Fixed pay is determined by taking into account relevant level of the role, skills and experience required by the Business and composition of pay in the markets in which the Bank operates and in support of the Bank's people strategy. Salaries are reviewed in the context of business performance, individual potential and performance, market practice, internal relativities and regulatory requirements.

Bank-wide variable pay budgets are determined based on the Bank's business performance, people strategy, risk appetite statement and risk metrics including conduct risks. The variable pay budget is shaped by risk considerations and the Bank's performance is sustainable in the long-term. The ex-ante risk adjustment of remuneration within the Bank is achieved in the way that the Risk Committee of the Bank will advise the Board and/or the Remuneration Committee, as appropriate, on the alignment of risk appetite with performance objectives set in the context of variable incentive and on whether any adjustments for risk need to be applied when considering performance objectives and actual performance. In addition, the overall variable pay funding proposal is refined with reference to the advice of Chief Financial Officer and Chief Risk and Compliance Officer in respect of the Bank's financial position and performance against its risk appetite profile.

Variable pay plans takes into account a combination of corporate and/or business results as well as the individual's performance. They reward financial quantitative measures and non-financial qualitative measures including adherence to corporate values, management of risks, service standards, ethical behaviour and responsible selling. To embed a values-led, high-performance culture, the variable pay plans are designed to recognise and reward positive behaviours while discourage negative behaviours that put the Bank under unnecessary financial, regulatory or reputational risk with the application of consequence management, malus and clawback policies.

Variable pay consists of deferred and non-deferred components in the forms of cash and share award. The Bank adopts a progressive deferral mechanism with higher deferral rates and different forms of deferral by reference to (a) the employee's seniority, role, responsibilities and the potential risks that their activities may create for the Bank; and (b) the total amount of variable remuneration exceeding the prescribed thresholds. The deferred award has a vesting period of three to seven years and is subject to malus and clawback. In some instances, retention periods of up to one year may be implemented on vested share awards.

The principles of the remuneration policy are applicable to the Bank and its subsidiaries, subject to the local legislative requirements and market practices, and are proportionate to the scope and complexity of the local business.

Employee Engagement

At our Bank, we place high importance on creating an environment that supports employee engagement, cherishes diversity, and promotes inclusivity. We offer comprehensive training for career progression and create opportunities for career development. We align roles with individual skills and abilities, leading to job satisfaction and increased capability in reaching career objectives.

Our recent Snapshot survey, aimed at gauging our people's thoughts and inputs, has led to the implementation of measures and organised activities to meet staff suggestions and needs. In response to the collective feedback, we have revamped our staff benefits package to include enhanced medical protection, extended parental leave, and additional personal time off, all of which was introduced in 2024.

We also launched various activities to support career development for our people. With the "Career in Your Hand" initiative, we have achieved a significant increase in internal mobility. In 2023, up till the end of October, over 700 roles were filled by internal employees, representing 37% of open positions – an improvement compared to 2022.

Colleagues are encouraged to take on short-term projects via the "Talent Marketplace" to broaden their professional experiences across different areas of our business. Going

forward, we will continue to enhance the skills of our people managers to engage in effective dialogues with their teams about performance, career growth and well-being.

Open dialogue is central to our Bank's ethos, as demonstrated by initiatives like the '2023 CE Townhall' and the 'Summer Thank You Festival.' These events create conversations around our values and vision. The 'Leader Connect' campaign, launched in May 2023, has strengthened ties between staff and our Executive Committee. This has contributed to a notable enhancement in overall confidence and alignment with our core values and trust in leadership, ensuring we are moving together towards a shared vision for the future.

We continue to implement a hybrid work model that promotes work-life balance and resilience. This model offers flexibility and encourages employees to connect, collaborate, and deliver effectively. The alignment between our work and the Bank's strategic objective has deepened, leading to an improvement in our Employee Focus Index.

We actively promote physical and mental wellness among our employees. For example, at the uFIT Carnival, an event to raise awareness on future skills, inclusion, and talent development, over 500 staff joined sessions on resilience and sustainability, and were introduced to the Data Literacy Programme, an award-winning programme to equip staff with critical data skills. We are committed to the continuous development of our workforce and are making good progress towards our training goals for 2024.

The Financial Well-being Seminar saw an impressive attendance, with an average of 150-200 staff per seminar series. We use the financial well-being snapshot score as one of the indicators to quantify the results of these seminars.

Our employees have dedicated significant time to community service, delivering a wide array of programmes that focus on skills development, financial education, environmental sustainability, and community support. These initiatives had a meaningful impact on diverse groups, including the elderly, youth, and individuals with disabilities.

We value our employee's feedback and use it to drive improvement. Through annual surveys, exchange sessions, and thematic focus groups, we gather invaluable insights. This year, we were pleased with the high level of engagement from our staff, which reflects a positive direction in our internal feedback metrics and overall employee sentiment.

While we celebrate these successes, we are also attentive to the feedback suggesting the need to further support our employees' well-being and work experience. These areas are our focus as we aim to provide an environment where our employees can thrive.

Growth and Development

The Bank is committed to the development of competence and ethical behaviour of staff members with due regard to the principles set out in HKMA's SPM CG-6 on "Competence and Ethical Behaviour". The Bank has established policies and procedures for monitoring, developing and maintaining the competence level and ethical behaviour of staff members. These include clear guidance as set out in various policy manuals, robust performance management system, training and development solutions provided on a regular and need basis.

The Bank offers a full spectrum of learning resources on wide-ranging banking, technical and management subjects, e-Learning, Classroom Training (both virtual and physical), mobile learning, and VR training etc, to support staff learning and development. To start with, all new joiners are provided with a comprehensive induction programme of the Bank's history, vision, culture, values, risk management and corporate governance. The Bank also offers a series of anti-money laundering, conduct, anti-bribery and corruption training programmes to strengthen the financial crime risk management culture. A wider range of on-the-job role based specific training programmes are also available for each critical role, in the areas of people manager capabilities, relationship management, sales, products, operations, compliance, credit and risk, etc. On average, each staff member of the Bank in Hong Kong undertook 3.6 days of learning and development programme (excluding those arranged by individual department) in 2023. In addition, the

Bank offers education subsidy to support staff to pursue professional or academic qualifications and/ or acquire job-related knowledge.

The Bank invests in the development of its leadership pipeline and supports the personal growth of staff by providing a broad range of leadership and management development solutions. To ensure sustainability, the Bank has strategies, measures and analytics to plan and manage succession to leadership roles, and to prepare high-potential talents for their succession to critical roles. Businesses/functions supported by the Human Resources take actions to accelerate the development of successors and high potential talents through feedback and coaching, planned job moves for development including cross fertilisation between businesses/functions, and implementing individual development plans.

Recruitment and Retention

The Bank pursues external recruitment of fresh graduates, experienced professionals and functional specialists to support planning and execution of business strategy. New hires are offered well-structured on-boarding and development programmes. At the same time, the Bank promotes opportunities for internal mobility and career development for internal staff. The Bank sponsors internships and student placements to build pipeline for future hires.

The Bank sponsors intake through the Fintech Internship programme co-launched by HKMA and the Applied Science and Technology Research Institute and launched Youth Placement Programme. Management Trainee Programmes in different lines of business and functional areas are in place to build future talents for key roles. People managers focus on staff engagement and retention through their roles in everyday performance management and development coaching of their staff, offer of career development opportunities and market competitive remuneration.

Environmental, Social and Governance

Our Approach to ESG

In 2023, our ESG strategy remained focusing on the following areas:



Environmental

Reduce the environmental impact of our daily operations and offer customers a wide range of green solutions



Social

Enable younger generations to reach their full potentials, promote well-beings and professional development



Governance

Maintain and uphold high standards of corporate governance by adopting ESG governance policy and risk management policy to be in line with international and local corporate governance best practices

In designing our six implementation pillars for ESG strategy, we have referenced to the principles of the United Nations' Sustainable Development Goals.

- Environmental Targets
- Sustainable Finance
- Youth
- Climate Risk Management
- Advocacy and Awareness
- Disclosure

Our Approach to the Transition

We aim to reduce carbon emissions from our own operations to net zero by 2030. We are also contributing to the HSBC Group's ambition 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.

Conserving Environment Through The Bank's Services

In March 2023, we launched the Hang Seng Stock Connect China A Low Carbon Index ETF (3038.HK) on the Hong Kong Stock Exchange. This low-carbon themed A-share ETF in Hong Kong provides investors an opportunity to invest in Chinese companies with low carbon exposure via China A-shares.

In an effort to assist corporate customers to deal with climate changes, we continued to offer green loans to finance customers' eligible green projects that generate environmental benefits. We also provide sustainability-linked loans to encourage customers in achieving their sustainability performance targets ("SPTs") by linking the loans' interest rates to whether the borrowers satisfy the predetermined SPTs.

Supporting Society Through Our Services

Aligned with our efforts to facilitate social development, we arranged our first social loan for our commercial customers in 2023. This loan is earmarked to finance or refinance three social projects: i) the construction of a primary school in Fo Tan, ii) two special schools in Kowloon Tong for children with intellectual disabilities, iii) the construction of transitional housing for low-income families in Yuen Long.

These projects will advance social equity by providing affordable housing and education access for children and individuals with special needs.

In July 2023, our new branch in Festival Walk debuted the innovative 'Future Banking' service concept featuring 'Smart Teller'. This combines a personalised service model with advanced digital technologies. Demonstrating our strategic priority of sustainability, the new branch incorporates eco-friendly designs, including a unique 'CO2 Reduction System' which lowers carbon dioxide levels via an aquatic microalgae reactor.

To complement the 'Future Banking' concept, we launched a Simple Mode of the Hang Seng Mobile App. This features a more intuitive interface for conducting basic digital banking services, promoting digital service inclusivity by catering to different customer preferences, needs, and digital knowledge levels. The Simple Mode also includes a function enabling customers to directly contact our staff in case of suspicious bank or credit card activity. These initiatives reflect our dedication to customer protection and fighting financial fraud, in collaboration with regulators and law enforcement agencies.

Community Investment

We are strong advocates for actions that can create a sustainable and positive impact on our community. Our community investment strategy revolves around four pillars: Future Skills, Promoting Sustainable Finance and Financial Literacy, Addressing Climate Change, and Care for the Community.

We believe equipping young people with the necessary skills for success enlivens our community and brings about lasting positive changes for both society and the environment. Therefore, a significant part of our focus lies in motivating and nurturing the youth in Hong Kong by developing their knowledge, skills and resilience to be future-proof.

The Hang Seng Table Tennis Academy ("HSTTA"), established in 2001, provides comprehensive and specialised training to nurture young talents in table tennis. Over a hundred of HSTTA graduates have joined the Hong Kong Table Tennis Team or Hong Kong Table Tennis Youth Team.

Promoting financial literacy, especially among the future generation, is a social responsibility to the Bank. In 2023, we partnered with the Hong Kong Family Welfare Society to launch the Hang Seng Financial Literacy Academy. This financial literacy education programme offers a school-based, structured and continuous learning model for both primary and secondary school students, as well as their parents, teachers and social workers.

In partnership with 'Walk in Hong Kong', we curated educational tours focusing on Hong Kong's financial and banking history. We also funded the Elder-Youth-Transgenerational Financial Education Programme, organised by the Hang Seng University of Hong Kong. This initiative was designed to address the financial education needs of both the elderly and young adult populations in Hong Kong.

The integrated training sessions educated students on personal finance management, principles of investments, retirement planning, the benefits and risks of various investment and financial products, banking and finance innovations, as well as financial and investment scams. Cross-generation training was also provided to enhance students' understanding of the aging population and to improve their transgenerational communications skills.

A series of inter-generation financial literacy workshops were provided for the elderly by the trained student ambassadors at elderly centres.

This year, we were proud to support the 'Cinema Quintet: Film with the 5 Directors' project. In partnership with the Community Chest, the initiative offered tertiary students a unique opportunity to showcase their filmmaking talent and creativity. The selected students were guided by seasoned directors to produce five micro-films, each designed to have a social impact.

The Bank also supported the 'FutureGEN Girls Leadership Summit 2023', organised by the JYC Girls Impact Foundation. Through these initiatives, participating students were given special opportunities to learn about leadership development and STEM, empowering them to take a leap forward, to explore opportunities in their education and career pathways.

Moreover, our staff members have made contributions to the community this year. These efforts were directed towards a wide range of groups in need, including the elderly, children and youth, as well as people with disabilities. We also participated in various green campaigns, such as tree planting and caring activities in country parks and a university.

For more details about our community investment initiatives, please refer to the ESG section of our website.

Health and Safety

We are dedicated to providing a healthy and safe business environment that meets high standards. To achieve this, we have maintained our accredited management system – Occupational Health and Safety Management System ("ISO 45001:2018") in 2023. This was accomplished via a prescribed surveillance visit conducted by an independent external certification body. Our goal is to minimise health and safety associated risks for all stakeholders including staff, customers and contractors within the Bank's premises.

Our proactive strategies aim to enhance health and safety, as well as the well-being of all stakeholders. The Bank is fully dedicated to:

- Continuously reviewing the effectiveness of our health and safety management system with the participation of an appointed certification body at designated intervals;
- Taking all reasonably practicable measures to eliminate or minimise risks that may impact the physical and mental health, safety and well-being of our staff members and other stakeholders through comprehensive risk assessments;
- Cultivating and maintaining a safety-first workplace culture and creating an exemplary 'activity-based' working environment, where safety is prioritised among all staff members;
- Fostering a collaborative and cooperative relationship with our staff members and other stakeholders through effective consultations regarding health, safety and wellbeing activities at work;
- Encouraging effective early intervention practices to better identify risks and minimise their impact on the physical and mental health of our staff;
- Taking care of vulnerable employees via well-established policies and measures;
- Promoting industry best practices to drive our continuous development in Occupational Health and Safety; and
- Providing sufficient information, instructions, supervision and training for our staff members to carry out their work safely.

By always prioritising safety, every staff member plays a vital role in creating and maintaining a physically and mentally healthy work environment. To achieve our strategic outcome, engaging in meaningful, respectful and open consultations about health and safety matters is equally important.

The Bank appreciates the vital role that staff play in carrying out their work safely and avoiding dangerous situations at work. Beyond their general duties as employees, our staff are obliged to follow all health and safety policies, guidelines, and practices established by the Bank. We believe that through continuous commitment, communication, and a safety-first mindset, we can foster a strong safety culture throughout the Bank, thereby minimising the number of accidents and subsequent injuries.

For more details of our ESG disclosures in 2023, please refer to our ESG Report 2023 published on our website (www.hangseng.com).

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2023.

Principal Place of Business

The Bank is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 83 Des Voeux Road Central, Hong Kong.

Principal Activities

The Bank and its subsidiaries (the 'Hang Seng Group') are engaged in the provision of banking and related financial services.

Business Review

Discussions on the Hang Seng Group's businesses and performance as required by Schedule 5 to the Hong Kong Companies Ordinance can be found throughout this Annual Report, particularly in the following separate sections, which form part of this report:

- (a) Fair review of the Hang Seng Group's businesses and a discussion and an analysis of the Hang Seng Group's performance during the financial year 2023 – 'Five-Year Financial Summary', 'Chairman's Statement', 'Chief Executive's Report', 'Management Discussion and Analysis'
- (b) Discussion of the principal risks and uncertainties facing the Hang Seng Group – 'Management Discussion and Analysis'
- (c) Particulars of important events affecting the Hang Seng Group that have occurred since the end of the financial year 2023 – 'Management Discussion and Analysis'
- (d) Indication of likely future development in the Hang Seng Group's business – 'Chief Executive's Report', 'Management Discussion and Analysis'

- (e) Discussion of the Hang Seng Group's environmental policies and performance, and its compliance with the relevant laws and regulations that have a significant impact on the Hang Seng Group – 'Management Discussion and Analysis', 'Corporate Governance Report'
- (f) Account of the Hang Seng Group's key relationships with its employees, customers and suppliers that have a significant impact on the Hang Seng Group – 'Corporate Governance Report'

Profits and Dividends

The consolidated profit of the Bank and its subsidiaries and associates for the year is set out under the consolidated income statement of this Annual Report.

The Directors declared and paid the first to third interim dividends of HK\$3.30 (2022: HK\$2.10) per share totalling HK\$6,309m (2022: HK\$4,014m) during the year. The Directors also declared the fourth interim dividend of HK\$3.20 per share totalling HK\$6,118m (2022: HK\$2.00 per share totalling HK\$3,824m), which will be paid on 21 March 2024.

Major Customers

The Directors believe that the five largest customers of the Bank accounted for less than 30% of the total interest income and other operating income of the Bank for the year.

Subsidiaries

Particulars of the Bank's principal subsidiaries as at 31 December 2023 are set out in note 29 to the financial statements for the year ended 31 December 2023.

Share Capital

Details of share capital of the Bank during the year are set out in note 41 to the financial statements for the year ended 31 December 2023.

Equity-linked Agreements

For the year ended 31 December 2023, the Bank has not entered into any equity-linked agreement.

Purchase, Sale or Redemption of the Bank's Listed Securities

There was no purchase, sale or redemption by the Bank, or any of its subsidiaries, of the Bank's listed securities during the year.

Reserves

Distributable reserve of the Bank as at 31 December 2023, calculated under Part 6 of the Hong Kong Companies Ordinance, amounted to HK\$108,316m (2022: HK\$101,000m). Movements in other reserves are set out in the consolidated statement of changes in equity of this Annual Report.

Donations

Charitable donations made by the Bank and its subsidiaries during the year amounted to HK\$28m. For further details of the Bank's corporate social responsibility activities and expenditures, please refer to the section 'Environmental, Social and Governance' in the 'Corporate Governance Report' of this Annual Report.

Directors

The Directors of the Bank, who were in office on the date of this report, were Irene Y L Lee, Diana Cesar, Cordelia Chung, Kathleen C H Gan, Clement K M Kwok, Patricia S W Lam, David Y C Liao, Huey Ru Lin, Kenneth S Y Ng, Say Pin Saw and Xiao Bin Wang.

Michael W K Wu retired from the Board with effect from the conclusion of the Bank's 2023 Annual General Meeting held on 4 May 2023.

All the Directors, who were in office on the date of this report, had served on the Board of the Bank throughout the year.

As announced by the Bank on 1 February 2024, Kenneth S Y Ng will step down as an Independent Non-executive Director of the Bank and will cease to be the Chairman of the Risk Committee and a member of the Nomination Committee, all with effect from the conclusion of the Bank's 2024 Annual General Meeting ('2024 AGM') to be held in May 2024, in order to devote more time to his other commitments and areas of interest. The Board has resolved to appoint Xiao Bin Wang, currently an Independent Non-executive Director of the Bank, to succeed Mr Ng as the Chairman of the Risk Committee with effect from the conclusion of the 2024 AGM.

The Director who is required to retire by rotation pursuant to the Bank's Articles of Association at the 2024 AGM is Irene Y L Lee.

No Director proposed for re-election at the 2024 AGM has a service contract with the Bank which is not determinable by the Bank within one year without payment of compensation (other than statutory compensation).

The biographical details of the Directors of the Bank are set out in the section 'Biographical Details of Directors and Senior Management' of this Annual Report.

Directors of Subsidiaries

The names of all Directors who have served on the boards of the Bank's subsidiaries during the period from 1 January 2023 to the date of this report (unless otherwise stated) are provided in the section 'Directors of Subsidiaries' in the 'Corporate Information' of this Annual Report.

Status of Independent Non-executive Directors

The Bank has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the 'Listing Rules' and the 'Stock Exchange' respectively). The Bank considers all the Independent Non-executive Directors to be independent.

Directors' and Alternate Chief Executives' Interests

As at 31 December 2023, the interests of the Directors and Alternate Chief Executives in the shares, underlying shares of equity derivatives and debentures of the Bank and its associated corporations (all within the meaning of Part XV of the Securities and Futures Ordinance ('SFO')) disclosed in accordance with the Listing Rules were detailed below.

Interests in shares

	Personal Interests (held as beneficial owner)	Family Interests (interests of spouse or child under 18)	Corporate Interests (interests of controlled corporation)	Other Interests	Total Interests	Total Interests as % of the relevant shares in issue/issued share capital
Number of ordinary shares in the Bank						
Director:						
Kathleen C H Gan	2,500	–	–	–	2,500	0.00
Number of ordinary shares of US\$0.50 each in HSBC Holdings plc						
Directors:						
Diana Cesar	450,839	–	–	113,680 ⁽¹⁾	564,519	0.00
Kathleen C H Gan	339,313	–	–	141,470 ⁽¹⁾	480,783	0.00
Patricia S W Lam	367,270	–	–	–	367,270	0.00
Irene Y L Lee	15,000	–	–	–	15,000	0.00
David Y C Liao	662,248	–	–	466,693 ⁽¹⁾	1,128,941	0.00
Kenneth S Y Ng	440,723	–	–	–	440,723	0.00
Say Pin Saw	34,433	–	–	35,916 ⁽¹⁾	70,349	0.00
Alternate Chief Executives:						
Kathy K W Cheung	88,741	–	–	18,621 ⁽¹⁾	107,362	0.00
Vivien W M Chiu	30,862 ⁽²⁾	79,570 ⁽³⁾	–	5,506 ⁽¹⁾	115,938	0.00
Rannie W L Lee	21,572	–	–	15,493 ⁽¹⁾	37,065	0.00

Interests in debentures of associated corporation of the Bank

	Personal Interests (held as beneficial owner)	Family Interests (interests of spouse or child under 18)	Corporate Interests (interests of controlled corporation)	Other Interests	Total Interests
Perpetual subordinated contingent convertible securities issued by HSBC Holdings plc					
Alternate Chief Executive:					
Vivien W M Chiu	–	US\$300,000 ⁽³⁾	–	–	US\$300,000

Notes:

⁽¹⁾ These included interests in conditional awards of ordinary shares of US\$0.50 each in HSBC Holdings plc under the HSBC Share Plans made in favour of Directors and Alternate Chief Executives.

⁽²⁾ These included 1,933 shares in HSBC Holdings plc jointly held by Vivien W M Chiu and her family member.

⁽³⁾ Vivien W M Chiu's spouse had interests in the total amount of US\$300,000 of perpetual subordinated contingent convertible securities issued by HSBC Holdings plc. These perpetual subordinated contingent convertible securities would be converted into 79,570 ordinary shares in HSBC Holdings plc upon the occurrence of capital adequacy trigger event. Ms Chiu's family interests set out in the table under 'Interests in shares' and the table under 'Interests in debentures of associated corporation of the Bank' represented the same interests.

Conditional Awards of Shares

During the year, the Directors and Alternate Chief Executives as set out below were eligible to be granted conditional awards over ordinary shares of US\$0.50 each in HSBC Holdings plc by that company (being the ultimate holding company of the Bank) under various HSBC Share Plans. The details of the interests of the Directors and Alternate Chief Executives in the conditional awards of ordinary shares in HSBC Holdings plc under the HSBC Share Plans, as at 31 December 2023, were as follows:

	Awards held as at 1 January 2023	Awards made during the Director's/Alternate Chief Executive's term of office in 2023	Awards released during the Director's/Alternate Chief Executive's term of office in 2023	Awards held as at 31 December 2023 ⁽¹⁾
Directors:				
Diana Cesar	111,835	80,768	78,923	113,680
Kathleen C H Gan	122,320	93,054	73,904	141,470
David Y C Liao	343,819	259,961	137,087	466,693
Say Pin Saw	26,921	18,424	9,915	35,916
Alternate Chief Executives:				
Kathy K W Cheung	17,211	21,069	19,659	18,621
Vivien W M Chiu	5,346	2,671	2,625	5,506
Rannie W L Lee	8,696	22,176	15,379	15,493

Notes:

⁽¹⁾ This included additional shares arising from scrip dividends, if any.

During the year, Kathy K W Cheung, Vivien W M Chiu, Kathleen C H Gan and Say Pin Saw also acquired and were awarded ordinary shares of HSBC Holdings plc under the HSBC International Employee Share Purchase Plan. Their interests in ordinary shares of HSBC Holdings plc under this plan have been included in their 'Personal Interests' disclosed in the table under 'Interests in shares'.

All the interests stated above represented long positions. As at 31 December 2023, no short positions were recorded in the Register of Directors' and Alternate Chief Executives' Interests and Short Positions required to be kept under section 352 of the SFO.

Save as disclosed in the preceding paragraphs, neither the Bank nor any of its holding companies or its subsidiaries or fellow subsidiaries was a party to any arrangement to enable the Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate as at the end of the year or at any time during the year.

No right to subscribe for equity or debt securities of the Bank has been granted by the Bank to, nor have any such rights been exercised by, any person during the year ended 31 December 2023.

Directors' Interests in Transactions, Arrangements or Contracts

No transaction, arrangement or contract (that is significant in relation to the Bank's business), to which the Bank or any of its holding companies or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Bank or an entity connected with a Director had, directly or indirectly, a material interest, subsisted as at the end of the year or at any time during the year.

Management Contracts

Save for service contracts, no other contracts, relating to the management and/or administration of the whole or any substantial part of the business of the Bank were entered into or subsisting during the year.

Directors' Interests in Competing Businesses

Pursuant to Rule 8.10 of the Listing Rules, as at the date of this report, the following Directors had declared interests in the following entities which compete or are likely to compete, either directly or indirectly, with the businesses of the Bank:

Diana Cesar is a General Manager of HSBC Holdings plc.

Kathleen C H Gan is a General Manager and Head of Finance, Global Businesses, DBS and Functions of HSBC Holdings plc. She was also a Non-executive Director of both HSBC Life (Singapore) Pte. Ltd. (formerly known as AXA Insurance Pte. Ltd.) and HSBC INSN (Non Operating) Pte. Ltd. (formerly known as HSBC Insurance (Singapore) Pte. Limited) until 31 May 2023 and 21 May 2023 respectively, both of which are indirect wholly-owned subsidiaries of The Hongkong and Shanghai Banking Corporation Limited.

David Y C Liao is a Group Executive and a Member of the Group Executive Committee of HSBC Holdings plc. He is also an Executive Director and Co-CEO of The Hongkong and Shanghai Banking Corporation Limited. In addition, he is a Non-executive Director of Bank of Communications Co., Ltd., which conducts general banking business.

Kenneth S Y Ng is an Independent Non-executive Director of HSBC Bank Australia Limited and the Chairman of the Board of Supervision of HSBC Bank (Vietnam) Ltd., both of which are wholly-owned subsidiaries, directly or indirectly, of The Hongkong and Shanghai Banking Corporation Limited.

Say Pin Saw is a Director of HSBC Asia Holdings Limited, the immediate holding company of The Hongkong and Shanghai Banking Corporation Limited.

HSBC Holdings plc, through its subsidiaries and associated undertakings, including The Hongkong and Shanghai Banking Corporation Limited, the immediate holding company of the Bank, is engaged in providing a comprehensive range of banking, insurance and related financial services.

The entities in which the Directors have declared interests are managed by separate boards of directors and management, which are accountable to their respective shareholders.

The Board of the Bank includes seven Independent Non-executive Directors whose views carry significant weight in the Board's decisions. The Audit Committee (comprising of three Independent Non-executive Directors) and Risk Committee (comprising of four Independent Non-executive Directors) of the Bank meet regularly to assist the Board of Directors in reviewing the financial performance, internal control and risk management systems of the Bank and its subsidiaries. The Bank is, therefore, capable of carrying on its businesses in the best interests of all shareholders as a whole and has put in place adequate mechanisms to ensure that the Directors discharge their duties vis-a-vis all shareholders, including in respect of the Bank's dealings with the businesses in which Directors have declared interests.

Directors' Emoluments

The emoluments of the Directors of the Bank on a named basis are set out in note 14 to the financial statements for the year ended 31 December 2023.

Indemnity Provision

Details of the Bank's permitted indemnity provision are set out in the section 'Corporate Governance Report' of this Annual Report.

Substantial Interests in Share Capital

The register maintained by the Bank pursuant to the SFO recorded that, as at 31 December 2023, the following corporations had interests or short positions in the shares or underlying shares (as defined in the SFO) in the Bank set opposite their respective names:

Name of Corporations	Number of Ordinary Shares in the Bank (Percentage of total)
The Hongkong and Shanghai Banking Corporation Limited	1,188,057,371 (62.14%)
HSBC Asia Holdings Limited	1,188,057,371 (62.14%)
HSBC Holdings plc	1,188,057,371 (62.14%)

The Hongkong and Shanghai Banking Corporation Limited is a wholly-owned subsidiary of HSBC Asia Holdings Limited, which in turn is a wholly-owned subsidiary of HSBC Holdings plc. Accordingly, the interests of The Hongkong and Shanghai Banking Corporation Limited are recorded as the interests of HSBC Asia Holdings Limited and HSBC Holdings plc.

The Directors regard HSBC Holdings plc to be the beneficial owner of 1,188,057,371 ordinary shares in the Bank (62.14%).

All the interests stated above represented long positions. As at 31 December 2023, no short positions were recorded in the Register of Interests in Shares and Short Positions required to be kept under section 336 of the SFO.

Public Float

As at the date of this report, the Bank has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Bank and within the knowledge of the Directors of the Bank.

Corporate Governance Principles and Practices

Details of the Bank's corporate governance practices are set out in the section 'Corporate Governance Report' in this Annual Report.

Auditor

The financial statements for the year ended 31 December 2023 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Bank will be proposed at the 2024 AGM.

On behalf of the Board

Irene Lee

Chairman

Hong Kong, 21 February 2024