

HANG SENG BANK

REPORT FROM THE BOARD OF EXAMINERS

Famed for its customer service, Hang Seng's well established "Eight Golden Practices" set by its founder continue to shape the Bank throughout the years up even to this day.

1. Leadership

Clearly defined Corporate Values and Core Business Principles set the Bank in the right direction. Leaders regularly meet with staff to enhance alignment of company objectives. Annual leadership system review is conducted through a management effectiveness survey. The Bank's strong commitment to social responsibility is evidenced by its amount of donations and contributions over the years.

2. Strategic Planning

Strategic weekend is organized to set strategic direction. Linking corporate objectives closely with strategies, the annual operating plans are developed and well documented by each division.

3. Customer and Market Focus

Customer segmentation is clearly determined. There is a wide variety of customer satisfaction and feedback channels in both formal and informal approach to understand customers' requirements. Its pioneer introduction of Greeter Service in the banking hall is a fine example of demonstrating its proactive way in listening to and helping customers. A dedicated Customer Care Section spearheads an excellent complaint management system.

4. Information and Analysis

The Bank has developed a comprehensive set of information available to management for strategic and operational purpose. The setup of the MIS at the user level has helped to identify and prioritize the information need for end users. Its data warehouse concept contains critical data to facilitate management decision. Extensive benchmarking is performed to understand how the bank fares against its competitor set.

5. Human Resource Focus

Hang Seng has clearly illustrated how its Work System/Job Description and individual staff job targets cascade from the Mission, Human Resources Divisional Objectives, Annual Operating Plan and Overall Human Resources Plans. They also link into the Banks Supervisory Model and evaluation process. The company has invested substantially in dedicated modern training facilities. It offers evening schooling to foster employees' commitment to self learning outside working hours as well as self initiated Banking Diploma Revision Courses.

6. Process Management

The Bank has established an excellent product development process with complete market analysis, customer requirements, field test, financial projection and promotional activities. Its large number of process re-engineering projects and quality improvement teams demonstrate the commitment of the Banks drive to improve its outputs and processes. A detailed evaluation system has been developed to manage its suppliers.'

7. Business Results

The Bank has Improved and sustained customer satisfaction results in Retail Banking since 1995. It has also maintained better than industry average on' Return-on-Asset since 1996. Financial results on Pre-Tax-Profit per Employee, Cost-to-Income Ratio, and Net Interest Margin for its first half of 1998 are the best in the industry. On the Human Resources front, the Bank has recorded continuous improvement in 4 key, attributes of employee satisfaction with management since 1996.