

Speech by FS at 70th Anniversary of MUFG Hong Kong Branch (English only) (with photo)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the 70th Anniversary of Mitsubishi UFJ Financial Group, Hong Kong Branch today (September 5):

Mr Yasushi Itagaki (Deputy President of MUFG Bank), Mr Hiroshi Masaki (Executive Officer, Managing Director and Head of MUFG Hong Kong Branch), Ambassador Kenichi Okada (Consul-General of Japan in Hong Kong), Ladies and gentlemen,

Good evening. It gives me great pleasure to join you tonight in celebration of the 70th anniversary of the MUFG Hong Kong Branch.

The Group's predecessor, the Bank of Tokyo, opened a full-service branch in Hong Kong in 1953.

The Branch has since been a valued player, and partner, in Hong Kong's meteoric rise over the past seven decades, providing a variety of services for businesses and enterprises.

For the past 26 years, since Hong Kong's return to the motherland, the "one country, two systems" principle and the unwavering support of our country have further strengthened Hong Kong's importance as one of the world's leading financial centres and China's international financial centre.

Our banking sector is testimony to this amazing story. Despite economic and financial headwinds elsewhere, our banking system remains enviably stable, robust and resilient. At the end of June, our banking system held assets of about US\$3.4 trillion, equivalent to some 9.6 times our GDP (gross domestic product). The banking sector's deposits stood at US\$1.9 trillion, about 5.5 times of our GDP. The capital adequacy ratio stood at 20 per cent, much higher than the international standard of 8 per cent. Liquidity coverage ratio was at 160 per cent, where the international benchmark is only 100 per cent. And the classified loan ratio was just at 1.5 per cent. They all compare very favourably internationally.

At last count, 73 of the world's top 100 banks operated here, including, of course, the MUFG Hong Kong Branch.

By gathering the world's top financial institutions and talent, and riding on the singular advantages of "one country, two systems", Hong Kong continues to be the best strategic financial hub for businesses, investors and people interested in exploring the Mainland and Asia markets.

To this end, this Government is fully engaged in creating vast opportunities for all.

That includes building on our core strengths and opening new frontiers.

Our world-class fund-raising platform has been a cornerstone of Hong Kong's success as an IFC (international financial centre). Over the past few years, through continuous reforms to facilitate the listing of new economy companies, SPACs (special purpose acquisition companies) and hard-tech companies, we have brought our stock market to new and higher levels.

To further enhance its competitiveness and unleash its growth potential, I have set up a task force to enhance stock market liquidity. Its mandate includes reviews of our listing regime, market structure and trading mechanisms – and covering short, medium and long-term measures, too.

Hong Kong plays an outstanding and unique role in connecting the capital markets and investors of the Mainland and the world. We are the world's No. 1 Renminbi (RMB) hub. With the support of the Central Government, we will continue to deepen and expand our various connect schemes, and offer a greater variety of RMB-denominated investment and risk management products to cater for the needs of a fast growing number of RMB holders worldwide.

We are equally keen on venturing into new promising areas. They include green and sustainable finance, which is certainly gaining greater and greater momentum.

Indeed, the global initiative to reach carbon neutrality is creating a massive financing need. Estimates show that Asia will need US\$66 trillion in the coming three decades.

Hong Kong is already Asia's No. 1 in green finance – as you may know, green bonds and loans issued last year here reached more than US\$80 billion. In collaboration with our sister cities in the Greater Bay Area – which have strengths in technological commercialisation and manufacturing, Hong Kong is also home to a vibrant ecosystem of green technology.

There is extraordinary potential for Hong Kong to become the green tech and green finance centre of the world, creating a complete and new financial and industry chain.

I am pleased to note that MUFG is part of this remarkable endeavour. For example, it is working closely with CLP Power Hong Kong for its JPY15 billion, ESG-linked syndicated facility in the Japanese financial market.

In finance, and in other areas, I hope to count on the MUFG Hong Kong Branch as a longstanding partner, to build a brighter future for us all.

Once again, my congratulations to your proud 70th anniversary.

I wish you all the best of health and business in the years to come.

Thank you.

