

Banking Disclosure Statement

30 June 2025

(Unaudited)

BANKING DISCLOSURE STATEMENT (unaudited)

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Prefixes contained in the table names, where applicable, represent the reference codes of the standard disclosure templates and tables for the Revised Pillar 3 Framework issued by the Hong Kong Monetary Authority ('HKMA').

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Introduction

Purpose

The information contained in this document is for Hang Seng Bank Limited ('the Bank') and its subsidiaries (together 'the Group'). It should be read in conjunction with the Group's 2025 Interim Report. The Group's Interim Report and the Banking Disclosure Statement, taken together, comply with both the Banking (Disclosure) Rules ('BDR') made under section 60A of the Banking Ordinance and the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements - Banking Sector) Rules ('LAC Rules') made under section 19(1) of the Financial Institutions (Resolution) Ordinance ('FIRO').

These banking disclosures are governed by the Group's disclosure policy, which is subject to regular and independent review and has been approved by the Group's senior management and Board of Directors. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the Banking Disclosure Statement is not required to be externally audited, the document has been subject to independent review by the Group's Global Internal Audit team and has been approved by the Audit Committee as delegated by the Board.

Basis of preparation

Except where indicated otherwise, the financial information contained in this Banking Disclosure Statement has been prepared on a consolidated basis. The basis of consolidation for regulatory capital purposes is different from that for accounting purposes. Information regarding subsidiaries that are not included in the consolidation for regulatory purposes is set out in the 'Basis of consolidation' section in this document.

For loss-absorbing capacity ('LAC') disclosures, the basis of calculating the Group's LAC and risk weighted asset ('RWA') is in accordance with the LAC Rules.

The information in this document is not audited and does not constitute statutory accounts.

Regulatory reporting processes and controls

We have advanced our comprehensive initiative aimed at strengthening our regulatory reporting processes and making them more sustainable, includes enhancements to data, consistency and controls. While this programme continues, there may be further impacts on some of our regulatory ratios as we implement recommended changes and continue to enhance our controls across the process.

The Banking Disclosure Statement

The Group's Banking Disclosure Statement at 30 June 2025 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision ('BCBS'). The disclosures are made in accordance with the latest BDR and the LAC Rules, including those under the Basel III final reform package which took effect on 1 January 2025, issued by the HKMA. For the first half of 2025, there is a net reduction in the RWA from several changes in underlying rules including the removal of scaling factor for credit risk under internal ratings-based ('IRB') approach and the reversion to foundation IRB approach.

According to the BDR and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Comparative information disclosed in the standard disclosure templates for periods before 1 January 2025 are made in accordance with the BDR and the LAC Rules issued by the HKMA under Basel III. Prior period disclosures can be found in the Regulatory Disclosures section of our website, www.hangseng.com.

The Banking Disclosure Statement includes the majority of the information required under the BDR and the LAC Rules. The remainder of the disclosure requirements are covered in the Group's 2025 Interim Report which can be found in the Investor Relations – Financial Statements section of our website, www.hangseng.com.

Disclosure requirements covered in the Group's 2025 Interim Report:	Reference in Interim Report (Printed version)
- BDR Section 16(1)(b) – Operations of the Group	Note 15 on pages 60 to 64

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Key Metrics

Table 1: KM1 – Key prudential ratios

		a	b	c	d	e
		At				
		30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
	Regulatory capital (HK\$m)¹					
1 & 1a	Common Equity Tier 1 ('CET1')	119,325	118,908	120,405	118,568	116,236
2 & 2a	Tier 1 ('T1')	130,912	130,495	131,992	130,155	127,967
3 & 3a	Total capital	139,753	139,797	141,454	139,963	137,999
	RWA (HK\$m)¹					
4	Total RWA	560,952	560,366	680,082	691,201	701,271
4a	Total RWA (pre-floor) ⁶	560,952	560,366	N/A	N/A	N/A
	Risk-based regulatory capital ratios (as a percentage of RWA)¹					
5 & 5a	CET1 ratio (%)	21.3	21.2	17.7	17.2	16.6
5b	CET1 ratio (%) (pre-floor ratio) ⁶	21.3	21.2	N/A	N/A	N/A
6 & 6a	T1 ratio (%)	23.3	23.3	19.4	18.8	18.2
6b	T1 ratio (%) (pre-floor ratio) ⁶	23.3	23.3	N/A	N/A	N/A
7 & 7a	Total capital ratio (%)	24.9	24.9	20.8	20.2	19.7
7b	Total capital ratio (%) (pre-floor ratio) ⁶	24.9	24.9	N/A	N/A	N/A
	Additional CET1 buffer requirements (as a percentage of RWA)¹					
8	Capital conservation buffer requirement (%)	2.500	2.500	2.500	2.500	2.500
9	Countercyclical capital buffer ('CCyB') requirement (%) ²	0.446	0.443	0.432	0.855	0.858
10	Higher loss absorbency requirement (%) (applicable only to Global systemically important authorised institution ('G-SIBs') or Domestic systemically important authorised institution ('D-SIBs'))	1.000	1.000	1.000	1.000	1.000
11	Total authorised institution ('AI')-specific CET1 buffer requirements (%)	3.946	3.943	3.932	4.355	4.358
12	CET1 available after meeting the AI's minimum capital requirements (%)	16.8	16.7	12.8	12.2	11.7
	Basel III leverage ratio ('LR')³					
13	Total LR exposure measure (HK\$m)	1,663,015	1,625,034	1,657,571	1,655,155	1,575,287
13a	LR exposure measure based on mean values of gross assets of SFTs ⁶ (HK\$m)	1,651,061	1,618,648	N/A	N/A	N/A
14, 14a & 14b	LR (%)	7.9	8.0	8.0	7.9	8.1
14c & 14d	LR (%) based on mean values of gross assets of SFTs ⁶	7.9	8.1	N/A	N/A	N/A
	Liquidity Coverage Ratio ('LCR')⁴					
15	Total high quality liquid assets ('HQLA') (HK\$m)	506,892	515,145	499,584	442,130	407,185
16	Total net cash outflows (HK\$m)	152,136	157,145	149,755	143,948	148,175
17	LCR (%)	335.0	328.7	335.2	307.9	277.2
	Net Stable Funding Ratio ('NSFR')⁵					
18	Total available stable funding ('ASF') (HK\$m)	1,259,984	1,230,950	1,226,750	1,220,784	1,171,893
19	Total required stable funding ('RSF') (HK\$m)	689,899	683,496	677,642	684,047	696,783
20	NSFR (%)	182.6	180.1	181.0	178.5	168.2

1 The regulatory capital, RWA, risk-based regulatory capital ratios and additional CET1 buffer requirements above are based on or derived from the information as contained in the 'Capital Adequacy Ratio' return submitted to the HKMA on a consolidated basis under the requirements of section 3C(1) of the Banking (Capital) Rules ('BCR').

2 The jurisdictional CCyB ('JCCyB') of Hong Kong used in the calculation of the CCyB buffer requirement is 0.5% with effect from October 2024 which was reduced from 1.0%. The JCCyB of other countries used in the calculation of the CCyB requirement ranged from 0% to 2.5% at 30 June 2025.

3 The Basel III LRs are disclosed in accordance with the information contained in the 'Leverage Ratio' return submitted to the HKMA under the requirements specified in Part 1C of the BCR.

4 The LCRs shown are the simple average values of all working days in the reporting periods and are made in accordance with the requirements specified in the 'Liquidity Position' return submitted to the HKMA under rule 11(1) of the Banking (Liquidity) Rules ('BLR').

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

- 5 The NSFR disclosures are made in accordance with the information contained in the 'Stable Funding Position' return submitted to the HKMA under the requirements specified in rule 11(1) of the BLR.
6. Prior year disclosure is not required, as this is a new requirement under the Basel III final reform package, effective from 1 January 2025.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Structure of the regulatory group

Basis of consolidation

The basis of consolidation for accounting purposes is in accordance with Hong Kong Financial Reporting Standards ('HKFRS'), as described in note 1 on the condensed consolidated financial statements in the Group's Interim Report.

The basis of consolidation for regulatory purposes is different from that for accounting purposes. Subsidiaries included in the consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with section 3C(1) of the BCR.

Subsidiaries not included in consolidation for regulatory purposes are securities and insurance companies that are authorised and supervised by regulators and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for AI under the BCR and the Banking Ordinance. The capital invested by the Group in these subsidiaries is deducted from the capital base subject to certain thresholds, as determined in accordance with Part 3 of the BCR.

There are no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation as at 30 June 2025.

For all subsidiaries included in both the accounting and regulatory scope of consolidation, the same consolidation methodology is applied at 30 June 2025.

The Group operates subsidiaries in different territories where capital is governed by local rules and there may be restrictions on the transfer of regulatory capital and funds between members of the Group.

The Group may need to maintain a regulatory reserve to satisfy the provisions of the Banking Ordinance and local regulatory requirements for prudential supervision purposes. As at 30 June 2025, the Group is not required to restrict any reserves which can be distributed to shareholders as the impairment allowance for Stage 1 and 2 loans and advances to customers exceeded the required regulatory reserve balance.

There are no relevant capital shortfalls in any of the Group's subsidiaries which are not included in its consolidation group for regulatory purposes as at 30 June 2025.

A list of subsidiaries not included in consolidation for regulatory purposes is shown below:

Table 2: List of subsidiaries outside the regulatory scope of consolidation

		As at 30 Jun 2025	
		Total assets*	Total equity*
		HK\$m	HK\$m
	Principal activities		
Hang Seng Insurance Co. Ltd and its subsidiaries	Retirement benefits and life assurance	234,522	11,427
Hang Seng Securities Ltd	Trading and dealing in securities	3,088	866
Hang Seng Investment Management Ltd	Fund management	324	281
Hang Seng Qianhai Fund Management Co. Ltd	Fund raising, fund sales and asset management	149	129
Hang Seng Investment Services Ltd	Provision of investment commentaries	9	9

* Prepared in accordance with HKFRS

The approaches used in calculating the Group's regulatory capital and RWA are in accordance with the BCR. The Group uses the advanced IRB approach and the foundation IRB approach to calculate its credit risk for the majority of its non-securitisation exposures. For collective investment scheme ('CIS') exposures, the Group uses the look-through approach ('LTA') to calculate the RWA. For counterparty credit risk ('CCR'), the Group uses the standardised (counterparty credit risk) ('SA-CCR') approach to calculate its default risk exposures for derivatives and the comprehensive approach for securities financing transactions ('SFTs'). For credit valuation adjustment ('CVA'), the Group uses reduced basic CVA approach ('BA-CVA') to calculate CVA risk capital charge. The Group uses the standardised (market risk) approach ('STM approach') to calculate its market risk capital charge and the standardised operational risk approach to calculate its operational risk capital charge.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Balance sheet reconciliation

The following table expands the balance sheet under the regulatory scope of consolidation to show separately the capital components that are reported in the 'Composition of regulatory capital disclosures' template in Table 4. The capital components in this table contain a reference that shows how these amounts are included in Table 4.

Table 3: CC2 – Reconciliation of regulatory capital to balance sheet

	a	b	c
	As at 30 Jun 2025		
	Balance sheet as in published financial statements HK\$m	Under regulatory scope of consolidation HK\$m	Cross-referenced to definition of capital components
Assets			
Cash and balances at central banks	9,720	9,720	
Trading assets	38,531	38,523	
Derivative financial instruments	14,578	14,878	
Financial assets mandatorily measured at fair value through profit or loss	189,498	417	
Reverse repurchase agreements – non-trading	56,283	56,283	
Placings with and advances to banks	85,228	78,357	
Loans and advances to customers	803,356	803,382	
of which: Impairment allowances eligible for inclusion in Tier 2 ('T2') capital		170	(1)
Financial investments	526,380	516,533	
Investments in subsidiaries	–	7,028	
Subordinated loans to subsidiaries	–	1,045	(2)
Interests in an associate	2,179	–	
Investment properties	10,732	8,136	
Premises, plant and equipment	23,749	23,744	
Intangible assets	4,445	4,114	(3)
Other assets	57,001	30,931	
of which: Deferred tax assets ('DTAs')		428	(4)
Defined benefit pension fund net assets		177	(5)
Total assets	1,821,680	1,593,091	

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 3: CC2 – Reconciliation of regulatory capital to balance sheet (continued)

	a	b	c
	As at 30 Jun 2025		
	Balance sheet as in published financial statements HK\$m	Under regulatory scope of consolidation HK\$m	Cross-referenced to definition of capital components
Liabilities			
Deposits from banks	6,995	6,995	
Current, savings and other deposit accounts	1,273,909	1,278,120	
Repurchase agreements – non-trading	15,465	15,465	
Trading liabilities	16,425	16,425	
Derivative financial instruments	16,936	16,990	
of which: Gains and losses due to changes in own credit risk on fair valued liabilities		1	(6)
Financial liabilities designated at fair value	36,387	36,149	
Certificates of deposit in issue	2,291	2,291	
Other liabilities	38,751	28,533	
Insurance contract liabilities	214,954	–	
Current tax liabilities	3,693	1,439	
Deferred tax liabilities	3,893	3,877	
of which: Deferred tax liabilities related to intangible assets		634	(7)
Subordinated liabilities	21,272	21,272	
Total liabilities	1,650,971	1,427,556	
Equity			
Share capital	9,658	9,658	(8)
Retained profits	127,434	122,324	(9)
of which: Revaluation gains of investment properties		5,153	(10)
Valuation adjustments		113	(11)
Other equity instruments	11,587	11,587	(12)
Other reserves	21,991	21,966	(13)
of which: Cash flow hedge reserve		1,655	(14)
Revaluation reserve of properties		16,438	(15)
Valuation adjustments		34	(16)
Total shareholders' equity	170,670	165,535	
Non-controlling interests	39	–	
Total equity	170,709	165,535	
Total equity and liabilities	1,821,680	1,593,091	

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Capital and RWA

Regulatory capital disclosures

The following table sets out the detailed composition of the Group's regulatory capital using the composition of regulatory capital disclosures template as specified by the HKMA.

Table 4: CC1 – Composition of regulatory capital			
		a	b
			Cross-referenced to Table 3
		Component of regulatory capital	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 30 Jun 2025		HK\$m	
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	9,658	(8)
2	Retained earnings	122,324	(9)
3	Disclosed reserves	21,966	(13)
	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	–	
5			
6	CET1 capital before regulatory deductions	153,948	
CET1 capital: regulatory deductions			
7	Valuation adjustments	147	(11)+(16)
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	3,480	(3)-(7)
10	DTAs (net of associated deferred tax liabilities)	428	(4)
11	Cash flow hedge reserve	1,655	(14)
	Excess of total expected loss ('EL') amount over total eligible provisions under the IRB approach	7,144	
12			
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitisation transactions	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	1	(6)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	177	(5)
	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	–	
16			
17	Reciprocal cross-holdings in CET1 capital instruments	–	
	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
18			
	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
19			
20	Mortgage servicing rights ('MSRs') (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	DTAs arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	– of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	– of which: MSRs	Not applicable	Not applicable
25	– of which: DTAs arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	21,591	
	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	21,591	(10)+(15)
26a			
26b	Regulatory reserve for general banking risks	–	
26c	Securitisation exposures specified in a notice given by the Monetary Authority	–	
	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26d			
26e	Capital shortfall of regulated non-bank subsidiaries	–	
	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
26f			

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 4: CC1 – Composition of regulatory capital (continued)

		a	b
			Cross-referenced to Table 3
		Component of regulatory capital	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 30 Jun 2025		HK\$m	
27	Regulatory deductions applied to CET1 capital due to insufficient Additional Tier 1 ('AT1') capital and T2 capital to cover deductions	–	
28	Total regulatory deductions to CET1 capital	34,623	
29	CET1 capital	119,325	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	11,587	
31	– of which: classified as equity under applicable accounting standards	11,587	(12)
32	– of which: classified as liabilities under applicable accounting standards	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidated group)	–	
36	AT1 capital before regulatory deductions	11,587	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	–	
38	Reciprocal cross-holdings in AT1 capital instruments	–	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
41	National specific regulatory adjustments applied to AT1 capital	–	
42	Regulatory deductions applied to AT1 capital due to insufficient T2 capital to cover deductions	–	
43	Total regulatory deductions to AT1 capital	–	
44	AT1 capital	11,587	
45	T1 capital (T1 = CET1 + AT1)	130,912	
T2 capital: instruments and provisions			
46	Qualifying T2 capital instruments plus any related share premium	–	
48	T2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in T2 capital of the consolidation group)	–	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in T2 capital	170	(1)
51	T2 capital before regulatory deductions	170	
T2 capital: regulatory deductions			
52	Investments in own T2 capital instruments	–	
53	Reciprocal cross-holdings in T2 capital instruments and non-capital LAC liabilities	–	
54	Insignificant LAC investments in T2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold, and where applicable, 5% threshold)	–	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as 'section 2 institution' under §2(1) of Schedule 4F to BCR only)	–	
55	Significant LAC investments in T2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	1,045	(2)
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	National specific regulatory adjustments applied to T2 capital	(9,716)	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in T2 capital	(9,716)	((10)+(15)) * 45%
56b	Regulatory deductions applied to T2 capital to cover the required deductions falling within BCR §48(1)(g)	–	

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 4: CC1 – Composition of regulatory capital (continued)

	a	b
		Cross-referenced to Table 3
	Component of regulatory capital	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 30 Jun 2025	HK\$m	
57 Total regulatory adjustments to T2 capital	(8,671)	
58 T2 capital	8,841	
59 Total regulatory capital ('TC' = T1 + T2)	139,753	
60 Total RWA	560,952	
Capital ratios (as a percentage of RWA)		
61 CET1 capital ratio (%)	21.3	
62 T1 capital ratio (%)	23.3	
63 Total capital ratio (%)	24.9	
Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)		
64	3.946	
65 – of which: capital conservation buffer requirement (%)	2.500	
66 – of which: bank specific countercyclical capital buffer requirement (%)	0.446	
67 – of which: higher loss absorbency requirement (%)	1.000	
68 CET1 (as a percentage of RWA) available after meeting minimum capital requirements (%)	16.8	
National minima (if different from Basel 3 minimum)		
69 National CET1 minimum ratio	Not applicable	Not applicable
70 National T1 minimum ratio	Not applicable	Not applicable
71 National Total capital minimum ratio	Not applicable	Not applicable
Amounts below the thresholds for deduction (before risk weighting)		
72 Insignificant LAC investments in CET1, AT1 and T2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	5,325	
73 Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	7,028	
74 MRSs (net of associated deferred tax liabilities)	Not applicable	Not applicable
75 DTAs arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
Applicable caps on the inclusion of provisions in T2 capital		
76 Provisions eligible for inclusion in T2 in respect of exposures subject to the basic indicator ('BSC') approach, or the STC approach and Securitisation external ratings-based approach ('SEC-ERBA'), Securitisation standardised approach ('SEC-SA') and securitisation fall-back approach ('SEC-FBA') (prior to application of cap)	170	
77 Cap on inclusion of provisions in T2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	1,119	
78 Provisions eligible for inclusion in T2 in respect of exposures subject to the IRB approach and Securitisation internal ratings-based approach ('SEC-IRBA') (prior to application of cap)	–	
79 Cap for inclusion of provisions in T2 under the IRB approach and SEC-IRBA	2,443	

Notes to the template:

	As at 30 Jun 2025	
	Hong Kong basis	Basel III basis
	HK\$m	HK\$m
10 DTAs (net of associated deferred tax liabilities)	428	32

Explanation:

As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realised are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III.

The amount reported under the column 'Basel III basis' in this box represents the amount reported in row 10 (i.e. the amount reported under the 'Hong Kong basis') adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.

Remarks:

The amount of the 10% threshold is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.

Total capital ratio increased by 4.1 percentage point ('p.p.') compared with the position at December 2024. It is a net effect of a decrease in total capital and a decrease in total RWA.

The decrease in total capital of HK\$1.7 bn was mainly driven by:

- a decrease of HK\$9.1bn due to distribution of dividends and payment of AT1 coupons;
- an increase of HK\$2.4bn in CET1 capital deduction arising from excess of total EL amount over total eligible provisions under the IRB approach; partially offset by
- an increase of HK\$7.2bn from profits for the first half of 2025;
- an increase of HK\$2.1bn in reserves; and
- a decrease of HK\$0.7bn in regulatory reserve deduction.

Total RWA decreased by HK\$119.1bn, primarily driven by the RWA reduction following the implementation of the Basel III final reform package.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Countercyclical capital buffer ratio

The CCyB is calculated as the weighted average of the applicable CCyB ratios in effect in the jurisdictions in which banks have private sector credit exposures. The Group uses country of business as the basis of geographical allocation for the majority of its credit risk and risk country for market risk, which is defined by considering the country of incorporation, location of guarantor, headquarter domicile, distribution of revenue and booking country.

Table 5: CCyB1 – Geographical distribution of credit exposures used in countercyclical capital buffer

As at 30 Jun 2025		a	c	d	e
Geographical breakdown by Jurisdiction		Applicable JCCyB ratio in effect %	RWA used in computation of CCyB ratio HK\$m	AI-specific CCyB ratio %	CCyB amount HK\$m
1	The Hong Kong Special Administrative Region of the People's Republic of China ('Hong Kong SAR') ¹	0.500	381,631		
2	Australia	1.000	686		
3	France	1.000	95		
4	Germany	0.750	83		
5	Ireland	1.500	20		
6	Netherlands	2.000	562		
7	Norway	2.500	4		
8	South Korea	1.000	335		
9	Sweden	2.000	570		
10	United Kingdom	2.000	2,192		
Sum ²			386,178		
Total ³			445,107	0.446	2,502

1 The JCCyB of Hong Kong used in the calculation of CCyB requirement is 0.5% with effect from October 2024 which was reduced from 1.0%. The JCCyB of other countries used in the calculation of the CCyB requirement ranged from 0% to 2.5% at 30 June 2025.

2 This represents the sum of RWA for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.

3 The total RWA used in the computation of the CCyB ratio in column (c) represents the total RWA for the private sector credit exposures in all jurisdictions to which the Group is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero. The CCyB amount in column (e) represents the Group's total RWA in row 4 of Table 1 of this document multiplied by the Group specific CCyB ratio in column (d).

Total RWA used in computation of CCyB ratio decreased by HK\$104bn in the first half of 2025, primarily driven by the RWA reduction following the implementation of the Basel III final reform package.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Leverage ratio

The following table shows the LR, T1 capital and total exposure measure as contained in the 'Leverage Ratio' return submitted to the HKMA under the requirements specified in Part 1C of the BCR.

Table 6: LR2 – Leverage ratio

		a	b
		30 Jun 2025	31 Mar 2025
		HK\$m	HK\$m
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	1,530,930	1,522,015
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	–	–
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	–	–
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	–	–
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from T1 capital	(16,387)	(14,245)
6	Less: Asset amounts deducted in determining T1 capital	(34,475)	(32,918)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	1,480,068	1,474,852
Exposures arising from derivative contracts			
8	Replacement cost ('RC') associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	13,662	12,160
9	Add-on amounts for potential future exposure ('PFE') associated with all derivative contracts	30,230	28,094
10	Less: Exempted Central counterparty ('CCP') leg of client-cleared trade exposures	–	–
11	Adjusted effective notional amount of written credit-related derivative contracts	–	–
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	–	–
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)	43,892	40,254
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	63,670	36,739
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
16	CCR exposure for SFT assets	510	404
17	Agent transaction exposures	–	–
18	Total exposures arising from SFTs (sum of rows 14 to 17)	64,180	37,143
Other off-balance sheet ('OBS') exposures			
19	OBS exposure at gross notional amount	509,589	508,829
20	Less: Adjustments for conversion to credit equivalent amounts	(434,460)	(435,857)
21	Less: Specific and collective provisions associated with OBS exposures that are deducted from T1 capital	(254)	(187)
22	OBS items (sum of rows 19 to 21)	74,875	72,785
Capital and total exposures			
23	Tier 1 capital	130,912	130,495
24	Total exposures (sum of rows 7, 13, 18 and 22)	1,663,015	1,625,034
LR			
25 & 25a	LR ¹ (%)	7.9	8.0
26	Minimum LR requirement (%)	3.0	3.0
27	Applicable leverage buffers	N/A	N/A
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	51,716	30,353
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	63,670	36,739

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 6: LR2 – Leverage ratio (continued)

		a	b
		30 Jun 2025	31 Mar 2025
		HK\$m	HK\$m
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	1,651,061	1,618,648
31 & 31a	LR based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables) (%)	7.9	8.1

1 LR is the ratio of T1 capital to the total exposures after adjustments for specific and collective provisions.

Both mean value and quarter-end value of gross amount of SFT assets increased due to business growth in the second quarter of 2025.

Table 7: LR1 – Summary comparison of accounting assets against leverage ratio exposure measure

		a
		Value under the LR framework
		30 Jun 2025
		HK\$m
1	Total consolidated assets as per published financial statements	1,821,680
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(218,832)
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	–
4	Adjustments for temporary exemption of central bank reserves	Not applicable
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	–
7	Adjustments for eligible cash pooling transactions	–
8	Adjustments for derivative contracts	29,013
9	Adjustment for SFTs (i.e. repos and similar secured lending)	510
10	Adjustment for off-balance sheet ('OBS') items (i.e. conversion to credit equivalent amounts of OBS exposures)	75,129
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(16,641)
12	Other adjustments	(27,844)
13	Leverage ratio exposure measure	1,663,015

Other adjustments mainly represent the regulatory deductions of property revaluation reserves to T1 capital under the LR framework.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Overview of RWA and the minimum capital requirements

Table 8: OV1 – Overview of RWA

		a	b	c
		RWA		Minimum capital requirements ¹
		30 Jun 2025 HK\$m	31 Mar 2025 HK\$m	30 Jun 2025 HK\$m
1	Credit risk for non-securitisation exposures	471,126	475,014	37,689
2	Of which: STC approach	70,534	68,170	5,643
2a	Of which: BSC approach	–	–	–
3	Of which: Foundation IRB approach	140,777	123,836	11,261
4	Of which: Supervisory slotting criteria approach	34,907	35,365	2,793
5	Of which: Advanced IRB approach	103,193	122,958	8,255
5a	Of which: Retail IRB approach	86,981	89,221	6,958
5b	Of which: Specific risk-weight approach	34,734	35,464	2,779
6	Counterparty credit risk and default fund contributions	7,815	7,924	625
7	Of which: SA-CCR	7,021	7,224	562
7a	Of which: Current exposure method ('CEM')	–	–	–
8	Of which: Internal models (counterparty credit risk) ('IMM(CCR)') approach	–	–	–
9	Of which: Others	794	700	63
10	CVA Risk	13,201	12,230	1,056
11	Equity positions in banking book under the simple risk-weight method and the internal models method	N/A	N/A	N/A
12	CIS exposures – LTA	611	587	49
13	CIS exposures – Mandate-based approach ('MBA')	–	–	–
14	CIS exposures – Fall-back approach ('FBA')	–	–	–
14a	CIS exposures – combination of approaches	–	–	–
15	Settlement risk	–	–	–
16	Securitisation exposures in banking book	–	–	–
17	Of which: SEC-IRBA	–	–	–
18	Of which: SEC-ERBA (including internal assessment approach ('IAA'))	–	–	–
19	Of which: SEC-SA	–	–	–
19a	Of which: SEC-FBA	–	–	–
20	Market risk	14,497	12,759	1,160
21	Of which: STM approach	14,497	12,759	1,160
22	Of which: Internal models approach ('IMA')	–	–	–
22a	Of which: Simplified standardised ('SSTM') approach	–	–	–
23	Capital charge for moving exposures between trading book and banking book	–	–	–
24	Operational risk	48,008	46,558	3,841
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% risk weight ('RW'))	17,569	17,594	1,406
26	Output floor level applied (%)	50	50	
27	Floor adjustment (before application of transitional cap)	–	–	–
28a	Deduction to RWA	(11,875)	(12,300)	(950)
28b	Of which: Portion of regulatory reserve for general banking risks and collective provisions which is not included in T2 Capital	–	–	–
28c	Of which: Portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in T2 Capital	(11,875)	(12,300)	(950)
29	Total	560,952	560,366	44,876

1 Minimum capital requirement represents the Pillar 1 capital charge at 8% of the RWA.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Total RWA increased by HK\$0.6bn in the second quarter of 2025. Below are the key drivers:

Market risk

RWA increased by HK\$1.7bn mainly due to the increase in general interest rate risk exposures and credit spread risk, partly offset by foreign exchange ('FX') risk charge.

Operational risk

RWA increased by HK\$1.5bn mainly due to the increase in average income.

CVA risk

RWA increased by HK\$1.0bn due to the increase in default risk exposures.

Credit risk for non-securitisation exposures

RWA decreased by HK\$3.9bn mainly due to methodology change and data refinements, partly offset by change in portfolio mix.

Comparison of modelled and standardised RWA

Table 9: CMS1 – Comparison of modelled and standardised RWA at risk level

		a	b	c	d
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for portfolios where standardised approaches are used	Total actual RWA (a + b) (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardised approach (i.e. used in the computation of the output floor)
As at 30 Jun 2025		HK\$m	HK\$m	HK\$m	HK\$m
1	Credit risk for non-securitization exposures	400,592	70,534	471,126	690,289
2	Counterparty credit risk and default fund contributions	5,914	1,901	7,815	14,441
3	CVA risk	–	13,201	13,201	13,201
4	Securitization exposures in banking book	–	–	–	–
5	Market risk	–	14,497	14,497	14,497
6	Operational risk	–	48,008	48,008	48,008
7	Residual RWA	611	17,569	18,180	18,180
8	Total	407,117	165,710	572,827	798,616

The difference between the RWA calculated under the model-based approaches and the RWA disclosed under the full standardised approach is mainly from credit risk for non-securitisation exposures.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 10: CMS2 – Comparison of modelled and standardised RWA for credit risk at exposure class level

		a	b	c	d
		RWA			RWA calculated using full standardised approach
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for column (a) if re-calculated using the standardised approach	Total actual RWA (i.e. RWA which the AI reports as current requirements)	(i.e. RWA used in the computation of the output floor)
As at 30 Jun 2025		HK\$m	HK\$m	HK\$m	HK\$m
1	Sovereign exposures	15,391	7,535	15,579	7,723
	Of which: categorised as public sector entity ('PSE') exposures and multilateral development bank exposures under the				
1a	STC approach	1,993	–	2,181	188
2	Bank exposures	18,026	31,395	21,597	34,966
3	Equity			13,341	13,341
4	Corporate exposures (excluding specialised lending)	210,553	351,190	249,374	390,011
4a	Of which: FIRB is applied	122,751	243,006	122,751	243,006
4b	Of which: AIRB is applied	87,802	108,184	87,802	108,184
5	Retail exposures	86,981	133,921	101,594	148,534
5a	Of which: qualifying revolving retail	25,190	32,891	26,405	34,106
	Of which: other retail exposures to individuals and small business retail exposures				
5b		17,456	18,628	26,350	27,522
5c	Of which: residential mortgages	44,335	82,402	48,839	86,906
6	Corporate exposures - Specialised lending	34,907	60,125	34,907	60,125
	Of which: income-producing real estate and high-volatility commercial real estate				
6a		34,907	60,125	34,907	60,125
7	Other exposures	34,734	35,589	34,734	35,589
8	Total	400,592	619,755	471,126	690,289

The main driver of differences between the RWA calculated under the model-based approaches and the RWA disclosed under the full standardised approach is corporate exposures (excluding specialised lending).

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

RWA flow statements

RWA flow statement for credit risk

Table 11: CR8 – RWA flow statement of credit risk¹ exposures under IRB approach

	a
	HK\$m
1 RWA as at end of previous reporting period (31 Mar 2025)	406,844
2 Asset size	2,109
3 Asset quality	1,765
4 Model updates	–
5 Methodology and policy	(4,643)
6 Acquisitions and disposals	–
7 Foreign exchange movements	2,287
8 Other	(7,770)
9 RWA as at end of reporting period (30 Jun 2025)	400,592

1 Credit risk in this table represents the credit risk for non-securitisation exposures excluding CCR.

RWA decreased by HK\$6.3bn in the second quarter of 2025. Key drivers for the decrease were due to methodology change, and also data refinements reflected in Other. The impact was partly offset by the foreign exchange movements and change in portfolio mix.

Loss-absorbing capacity

Table 12: KM2(A) – Key metrics – LAC requirements for material subsidiaries

	a	b	c	d	e
	30 Jun 2025	31 Mar 2025	At 31 Dec 2024	30 Sep 2024	30 Jun 2024
Of the material entity at LAC consolidation group level					
1 Internal loss-absorbing capacity available (HK\$m)	161,025	167,279	168,929	167,439	165,490
2 RWA under the LAC Rules (HK\$m)	560,952	560,366	680,082	691,201	701,271
3 Internal LAC risk-weighted ratio (%)	28.7	29.9	24.8	24.2	23.6
4 Exposure measure under the LAC Rules (HK\$m)	1,661,970	1,623,989	1,656,526	1,654,110	1,574,242
5 Internal LAC leverage ratio (%)	9.7	10.3	10.2	10.1	10.5
6a Does the subordination exemption in the antepenultimate paragraph of Section 11 of the Financial Stability Board ('FSB') Total Loss-absorbing Capacity ('TLAC') Term Sheet apply? ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6b Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6c If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied (%) ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

1 The subordination exemptions under Section 11 of the FSB TLAC Term Sheet do not apply in Hong Kong under the LAC Rules.

Internal LAC leverage ratio decreased by 0.6 p.p. in the second quarter of 2025. It is a combined effect of an increase in exposure measure and a decrease in LAC which was primarily driven by the redemption of HK\$6,240m non-capital LAC debt instrument in June 2025.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 13: TLAC1(A) – TLAC composition

		a
As at 30 Jun 2025		Amount
Regulatory capital elements of internal loss-absorbing capacity and adjustments (HK\$m)		
1	CET1 capital	119,325
2	AT1 capital before LAC adjustments	11,587
3	AT1 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	–
4	Other adjustments	–
5	AT1 capital eligible under the LAC Rules	11,587
6	T2 capital before LAC adjustments	8,841
7	Amortised portion of T2 capital instruments that are internal LAC debt instruments issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	–
8	T2 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	–
9	Other adjustments	–
10	T2 capital eligible under the LAC Rules	8,841
11	Internal loss-absorbing capacity arising from regulatory capital	139,753
Non-regulatory capital elements of internal loss-absorbing capacity (HK\$m)		
12	Internal non-capital LAC debt instruments issued directly or indirectly to, and held indirectly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	21,272
17	Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments	21,272
Non-regulatory capital elements of internal loss-absorbing capacity: adjustments (HK\$m)		
18	Internal loss-absorbing capacity before deductions	161,025
19	Deductions of exposures between the material subsidiary's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for internal loss-absorbing capacity	–
20	Deduction of holdings of its own non-capital LAC liabilities	–
21	Other adjustments to internal loss-absorbing capacity	–
22	Internal loss-absorbing capacity after deductions	161,025
RWA and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes (HK\$m)		
23	RWA under the LAC Rules	560,952
24	Exposure measure under the LAC Rules	1,661,970
Internal LAC ratios and buffers (%)		
25	Internal LAC risk-weighted ratio	28.7
26	Internal LAC leverage ratio	9.7
27	CET1 capital (as a percentage of RWA under the BCR) available after meeting the LAC consolidation group's minimum capital and LAC requirements	15.2
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA under the BCR)	3.946
29	– of which: capital conservation buffer requirement	2.500
30	– of which: institution-specific countercyclical capital buffer requirement	0.446
31	– of which: higher loss absorbency requirement	1.000

Internal LAC risk-weighted ratio increased by 3.9 p.p. in the first half of 2025 mainly due to decrease in total RWA, primarily driven by the RWA reduction following the implementation of the Basel III final reform package.

Internal LAC leverage ratio decreased by 0.5 p.p. in the first half of 2025 mainly due to decrease in LAC, primarily driven by the redemption of HK\$6,240m non-capital LAC debt instrument in June 2025.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 14: TLAC2 – Hang Seng Bank Limited creditor ranking

		Creditor ranking (HK\$m)				Sum of values in columns 1 to 3
		1	1	2	3	
		(most junior)	(most junior)	(most senior)		
1	Is the resolution entity or a non-HK resolution entity the creditor/investor? (yes or no) ¹	No	Yes	Yes	Yes	
2	Description of creditor ranking	Ordinary shares	Ordinary shares	AT1 instruments	LAC loans	
3	Total capital and liabilities net of Credit risk mitigation ('CRM')	3,570	6,088	11,587	21,280	42,525
4	Subset of row 3 that are excluded liabilities	–	–	–	–	–
5	Total capital and liabilities less excluded liabilities	3,570	6,088	11,587	21,280	42,525
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	3,570	6,088	11,587	21,280	42,525
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	–	–	–	21,280	21,280
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	–	–	–	–	–
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–	–
11	Subset of row 6 that are perpetual securities	3,570	6,088	11,587	–	21,245

1 Any direct/indirect holdings by the resolution entity is reported as 'yes'.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Main features of regulatory capital instruments and non-capital LAC debt instruments

The following is a summary of CET1 capital, AT1 capital and non-capital LAC debt instruments that meet both regulatory capital and LAC requirements, or only LAC (but not regulatory capital) requirements.

Table 15: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments

(i) Instruments that meet both regulatory capital and LAC requirements		a
As at 30 Jun 2025		Quantitative / qualitative information
		Ordinary shares
1	Issuer	Hang Seng Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	HK0011000095
3	Governing law(s) of the instrument	Laws of Hong Kong
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
4	Transitional Basel III rules	N/A
5	Basel III rules	CET1
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Solo and Group
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$ 9,658 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$ 9,658 million
9	Par value of instrument	No par value (Total amount HK\$ 9,658 million)
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption price	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend / coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to AT1 instruments (columns b and c)
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Terms and conditions

[Terms and conditions - Ordinary shares](#)

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 15: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		b	c
As at 30 Jun 2025		Quantitative / qualitative information	
		Perpetual subordinated loan (US\$ 600 million)	Perpetual subordinated loan (US\$ 900 million)
1	Issuer	Hang Seng Bank Limited	Hang Seng Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Governing law(s) of the instrument	Laws of Hong Kong	Laws of Hong Kong
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A	N/A
	Regulatory treatment		
4	Transitional Basel III rules	N/A	N/A
5	Basel III rules	AT1	AT1
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Solo and Group	Solo and Group
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$ 4,640 million	HK\$ 6,947 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$ 4,640 million	HK\$ 6,947 million
9	Par value of instrument	US\$ 600 million	US\$ 900 million
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	18 June 2024	11 September 2024
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	18 June 2029 at par value	11 September 2029 to 11 March 2030 at par value
16	Subsequent call dates, if applicable	Callable on any interest payment date after first call date	Every 5 years after the first call date
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Fixed until 18 June 2029 and thereafter floating	Fixed until 11 March 2030 and thereafter floating
18	Coupon rate and any related index	7.500% until 18 June 2029, and thereafter compounded SOFR +3.240%	6.875% until 11 March 2030, and thereafter U.S. Treasury Rate +3.298%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible ¹	Non-convertible ¹
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to non-capital LAC debt instruments (columns a to e under ii)	Immediately subordinate to non-capital LAC debt instruments (columns a to e under ii)
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A
Terms and conditions		Individual loan agreement ⁴	Individual loan agreement ⁴

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 15: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

(ii) Instruments that meet only LAC (but not regulatory capital) requirements
As at 30 Jun 2025

		a	b
		Quantitative / qualitative information	
		Subordinated loan (HK\$ 5,460 million)	Subordinated loan (HK\$ 4,680 million)
1	Issuer	Hang Seng Bank Limited	Hang Seng Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Governing law(s) of the instrument	Laws of Hong Kong	Laws of Hong Kong
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A	N/A
	Regulatory treatment		
4	Transitional Basel III rules	N/A	N/A
5	Basel III rules	Ineligible	Ineligible
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$ 5,460 million	HK\$ 4,680 million
9	Par value of instrument	HK\$ 5,460 million	HK\$ 4,680 million
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	30 May 2019	10 June 2019
12	Perpetual or dated	Dated	Dated
13	Original maturity date	Interest payment date falling in May 2028	Interest payment date falling in June 2029
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	Interest payment date falling in May 2027 at par value	Interest payment date falling in June 2028 at par value
16	Subsequent call dates, if applicable	Callable on any interest payment date after first call date	Callable on any interest payment date after first call date
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Floating	Floating
18	Coupon rate and any related index	3-month HK\$ HIBOR + 1.425%	3-month HK\$ HIBOR + 1.564%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible ¹	Non-convertible ¹
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A
Terms and conditions		Individual loan agreement ²	Individual loan agreement ²

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 15: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		c	d
As at 30 Jun 2025		Quantitative / qualitative information	
		Subordinated loan (US\$ 400 million)	Subordinated loan (HK\$ 5,000 million)
1	Issuer	Hang Seng Bank Limited	Hang Seng Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Governing law(s) of the instrument	Laws of Hong Kong	Laws of Hong Kong
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A	N/A
	Regulatory treatment		
4	Transitional Basel III rules	N/A	N/A
5	Basel III rules	Ineligible	Ineligible
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$ 3,140 million	HK\$ 4,996 million
9	Par value of instrument	US\$ 400 million	HK\$ 5,000 million
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	10 June 2019	30 November 2021
12	Perpetual or dated	Dated	Dated
13	Original maturity date	Interest payment date falling in June 2030	Interest payment date falling in November 2027
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	Interest payment date falling in June 2029 at par value	Interest payment date falling in November 2026 at par value
16	Subsequent call dates, if applicable	Callable on any interest payment date after first call date	Callable on any interest payment date after first call date
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Floating	Floating
18	Coupon rate and any related index	Compounded SOFR + 2.0478%	3-month HK\$ HIBOR + 1.00%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible ¹	Non-convertible ¹
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A
Terms and conditions		Amendment agreement ³	Individual loan agreement ⁴

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 15: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		e
As at 30 Jun 2025		Quantitative / qualitative information
		Subordinated loan (HK\$ 3,000 million)
1	Issuer	Hang Seng Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Laws of Hong Kong
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
4	Transitional Basel III rules	N/A
5	Basel III rules	Ineligible
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$ 2,996 million
9	Par value of instrument	HK\$ 3,000 million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	27 June 2022
12	Perpetual or dated	Dated
13	Original maturity date	Interest payment date falling in June 2028
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption price	Interest payment date falling in June 2027 at par value
16	Subsequent call dates, if applicable	Callable on any interest payment date after first call date
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	3-month HK\$ HIBOR + 1.68%
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible ¹
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO
32	If write-down, full or partial	May be written down partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
Terms and conditions		Individual loan agreement ⁴

Footnote:

1. Subject to FIRO
2. Terms and conditions for loan issuance before 20 April 2022 to be read in conjunction with the Master terms and conditions (the '[Master terms and conditions](#)')
3. On 20 April 2022, the interest rate benchmark of US\$400m non-capital LAC debt instrument was transited to compounded SOFR from previous 3-month US\$ LIBOR.
4. Terms and conditions for loan issuance after 20 April 2022 to be read in conjunction with the Amended Master terms agreement (the '[Amended Master terms agreement](#)')

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Credit risk

Credit quality of assets

Credit quality of exposures

Tables 16 to 17 present information on the credit quality of exposures by exposure category and changes in defaulted loans and debt securities on a regulatory consolidation basis. For further details on the credit quality of IRB approach and STC approach exposures, refer to Tables 24 to 25 and 27 respectively.

The loans covered in these tables are generally referred to as any on-balance sheet exposures included as credit risk for non-securitisation exposures, covering exposures to customers, banks, sovereigns and others. Cash items and non-financial assets are excluded.

Table 16: CR1 – Credit quality of exposures

		a	b	c	d	e	f	g
		Gross carrying amounts of		Allowances/ impairments	of which: Expected Credit Loss ('ECL') accounting provisions ¹ for credit losses on STC approach exposures		of which: ECL accounting provisions for credit losses on IRB exposures	
		Defaulted exposures ²	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions	IRB exposures	Net values (a+b-c)
As at 30 Jun 2025		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	Loans	54,821	851,909	16,363	428	168	15,767	890,367
2	Debt securities	177	512,759	24	–	–	24	512,912
3	OBS exposures	598	508,991	254	–	2	252	509,335
4	Total	55,596	1,873,659	16,641	428	170	16,043	1,912,614

1 The categorisation of ECL accounting provisions into the regulatory categories of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA 'Capital Adequacy Ratio' return. According to the completion instructions, the ECL accounting provisions classified into Stage 1 and Stage 2 are treated as collective provisions, while those classified under Stage 3 are treated as specific provisions. Provisions made for purchased or originated credit-impaired financial assets, under which any changes in lifetime ECL will be recognised in the profit or loss account as an impairment gain or loss, are treated as specific provisions.

2 The Group determines that an exposure is defaulted by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest on any of the customer's credit obligations are past due for more than 90 days;
- there are other indications that the borrower is unlikely to pay one or more of its credit obligations to the Bank on the originally agreed contractual repayment terms, without recourse by the Bank to remedial actions such as realisation of collateral, recourse to third party guarantees, restructuring or other mitigating activities.

Table 17: CR2 – Changes in defaulted loans and debt securities

		a
		Amount HK\$m
1	Defaulted loans and debt securities at end of the previous reporting period (31 Dec 2024)	51,055
2	Loans and debt securities that have defaulted since the last reporting period	7,419
3	Returned to non-defaulted status	(89)
4	Amounts written off	(1,660)
5	Other changes ¹	(1,727)
6	Defaulted loans and debt securities at end of the current reporting period (30 Jun 2025)	54,998

1 Other changes included repayments and exchange differences.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Tables 18 and 19 analyse credit-impaired exposures and impairment allowances on a regulatory consolidation basis. For customer loans and advances, where the industry sector comprises not less than 10% of the Group's total gross loans and advances to customers, the analysis of gross impaired loans and advances and allowances by major industry sectors based on categories and definitions used by the Group is as follows:

Table 18: Credit-impaired exposures and impairment allowances by industry

	Gross loans and advances to customers ¹	Gross credit- impaired loans and advances	Specific provisions ²	Collective provisions ²	Overdue loans and advances ³
As at 30 Jun 2025	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Residential mortgages	319,045	1,073	(64)	(32)	957
Real estate and construction	169,229	36,576	(6,341)	(2,437)	23,418
Others ⁴	331,461	17,172	(5,511)	(1,968)	11,716
Total	819,735	54,821	(11,916)	(4,437)	36,091

- 1 The amounts shown in column 'Gross loans and advances to customers' represent loans and advances to customers gross of provisions in the financial statements under the regulatory consolidation scope and therefore is different from the 'Gross loans and advances to customers' shown in table 20 which is prepared on accounting consolidation basis. The difference of total gross loans of HK\$26m represents the Bank's loans and advances to the Group's subsidiaries which are outside the regulatory scope of consolidation.
- 2 The classification of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio return. Details can be found in footnote 1 under table 16 of this document.
- 3 The amounts shown in column 'Overdue loans and advances' represent gross loans and advances to customers that were overdue for more than 3 months as at 30 June 2025.
- 4 Any segment which constitutes less than 10% of total gross loans and advances to customers is disclosed on an aggregated basis under the category 'Others'.

The geographical information shown below has been classified by the location of the principal operations of the subsidiary and by the location of the branch responsible for advancing the funds.

Table 19: Credit-impaired exposures and impairment allowances by geographical location

	Gross loans and advances to customers ¹	Gross credit- impaired loans and advances	Specific provisions ²	Collective provisions ²	Overdue loans and advances ³
As at 30 Jun 2025	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Hong Kong SAR	755,855	52,600	(11,510)	(3,724)	34,690
Mainland China	51,163	1,580	(337)	(675)	849
Others ⁴	12,717	641	(69)	(38)	552
Total	819,735	54,821	(11,916)	(4,437)	36,091

- 1 The amounts shown in column 'Gross loans and advances to customers' represent loans and advances to customers gross of provisions in the financial statements under the regulatory consolidation scope and therefore is different from the 'Gross loans and advances to customers' shown in table 20 which is prepared on accounting consolidation basis. The difference of total gross loans of HK\$26m represents the Bank's loans and advances to the Group's subsidiaries which are outside the regulatory scope of consolidation.
- 2 The classification of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio return. Details can be found in footnote 1 under table 16 of this document.
- 3 The amounts shown in column 'Overdue loans and advances' represent gross loans and advances to customers that were overdue for more than 3 months as at 30 June 2025.
- 4 Any segment which constitutes less than 10% of total gross loans and advances to customers is disclosed on an aggregated basis under the category 'Others'.

Loans and advances to customers

Tables 20 to 21 analyse loans and advances to customers by geographical locations, by industries and by which are overdue and rescheduled on an accounting consolidation basis. The accounting consolidation basis is different from the regulatory consolidation basis as explained in the 'Basis of consolidation' section of this document.

The following analysis of loans and advances to customers by geographical areas is in accordance with the location of counterparties, after recognised risk transfer.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 20: Gross loans and advances to customers by geographical location

	Hong Kong SAR HK\$m	Mainland China HK\$m	Others HK\$m	Total HK\$m
As at 30 Jun 2025				
Gross loans and advances to customers ¹	726,224	66,809	26,676	819,709
Gross credit-impaired loans and advances to customers ²	52,259	1,767	795	54,821

- 1 The amounts shown in column 'Gross loans and advances to customers' represent the loans and advances to customers gross of provisions in the financial statements on the accounting consolidation basis and therefore is different from the 'Gross loans and advances to customers' shown in tables 18 and 19 which are prepared under the regulatory consolidation scope. The difference of total gross loans of HK\$26m represents the Bank's loans and advances to the Group's subsidiaries which are outside the regulatory scope of consolidation.
- 2 The corresponding specific provisions are HK\$11,095m in Hong Kong SAR, HK\$238m in mainland China and HK\$583m in Others.

The analysis of gross loans and advances to customers by industry sector based on categories and definitions contained in the 'Quarterly Analysis of Loans and Advances and Provisions' return submitted to the HKMA is as follows:

Table 21: Gross loans and advances to customers by industry sector

	Gross loans and advances HK\$m	% of gross advances covered by collateral %
As at 30 Jun 2025		
Industrial, commercial and financial sectors		
– Property development	45,700	53.3 %
– Property investment	111,103	84.5 %
– Financial concerns	2,794	15.6 %
– Stockbrokers	797	– %
– Wholesale and retail trade	22,464	41.3 %
– Manufacturing	21,686	20.7 %
– Transport and transport equipment	10,119	74.4 %
– Recreational activities	59	95.9 %
– Information technology	16,001	4.1 %
– Other	59,227	48.9 %
Individuals		
– loans and advances for the purchase of flats under the Government Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	46,618	98.5 %
– loans and advances for the purchase of other residential properties	257,293	99.2 %
– credit card loans and advances	27,468	– %
– other	31,820	47.4 %
Gross loans and advances to customers for use in Hong Kong	653,149	74.4 %
Trade Finance	35,507	16.8 %
Gross loans and advances to customers for use outside Hong Kong	131,053	24.3 %
Gross loans and advances to customers	819,709	63.9 %

Collateral includes any tangible security that carries a fair market value and is readily marketable. This includes (but is not limited to) cash and deposits, stocks and bonds, mortgages over properties and charges over other fixed assets such as plant and equipment. Where collateral values are greater than gross loans and advances to customers, only the amount of collateral up to the gross loans and advances is included.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Loans and advances to customers that are more than three months overdue and their expression as a percentage of gross loans and advances to customers are as follows:

Table 22: Overdue and rescheduled loans and advances to customers

As at 30 Jun 2025	HK\$m	%
Gross loans and advances which have been overdue with respect to either principal or interest for periods of:		
– more than three months but not more than six months	5,269	0.64 %
– more than six months but not more than one year	11,281	1.38 %
– more than one year	19,541	2.38 %
Total	36,091	4.40 %
of which:		
- specific provisions	(9,256)	
- covered portion of overdue loans and advances	28,113	
- uncovered portion of overdue loans and advances	7,978	
- current market value of collateral held against the covered portion of overdue loans and advances	43,287	
Rescheduled loans and advances to customers	4,433	0.54 %

Collateral held with respect to overdue loans and advances is mainly commercial properties and residential properties. The current market value of commercial properties and residential properties were HK\$32,056m and HK\$9,801m respectively.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at period-end. Loans and advances repayable by regular instalments are treated as overdue when an instalment payment is overdue and remains unpaid at period-end. Loans and advances repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the demand notice, or when the loans and advances have remained continuously outside the approved limit advised to the borrower for more than the overdue period in question.

Rescheduled loans and advances to customers are those loans and advances that have been rescheduled or renegotiated for reasons related to the borrower's financial difficulties. This will normally involve the granting of concessionary terms and resetting the overdue account to non-overdue status. Rescheduled loans and advances to customers are stated net of any advances which have subsequently become overdue for more than three months and which are included in 'Overdue loans and advances to customers'.

The amount of repossessed assets as at 30 June 2025 was HK\$176m.

Overdue and rescheduled amounts relating to placings with and advances to banks and other assets

There were no overdue or rescheduled placings with and advances to banks and other assets as at 30 June 2025.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Off-balance sheet exposures other than derivative transactions

The following table gives the nominal contract amounts and RWA of contingent liabilities and commitments. The information is consistent with that in the ‘Capital Adequacy Ratio’ return required to be submitted to the HKMA by the Group. The return is prepared on a regulatory consolidation basis as specified by the HKMA under the requirements of section 3C(1) of the BCR.

For accounting purposes, acceptances and endorsements are recognised on the balance sheet in ‘Other assets’. For the purpose of the BCR, acceptances and endorsements are included in the capital adequacy calculation as if they were contingencies.

Table 23: Off-balance sheet exposures other than derivative transactions

	30 Jun 2025 HK\$m
Contract amounts	
Direct credit substitutes	604
Transaction-related contingencies	15,034
Trade-related contingencies	15,814
Forward asset purchases	39
Forward forward deposits placed	2,747
Commitments that are unconditionally cancellable without prior notice	430,274
Commitments which have an original maturity of not more than one year	3,640
Commitments which have an original maturity of more than one year	41,437
Total	509,589
RWA	45,377

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Credit risk under internal ratings-based approach

Table 24.1: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Foundation IRB approach)

	a	b	c	d	e	f	g	h	i	j	k	l
	Original on-balance sheet gross exposure	OBS exposures pre-Credit conversion factor ('CCF')	Average CCF	Exposure at default ('EAD') post-CRM and post-CCF	Average Probability of default ('PD')	Number of obligors	Average Loss given default ('LGD')	Average maturity ¹	RWA	RWA density	EL	Provisions ²
As at 30 Jun 2025	HK\$m	HK\$m	%	HK\$m	%		%	years	HK\$m	%	HK\$m	HK\$m
Portfolio (i) – Bank												
0.00 to < 0.15	95,987	1,223	59.0	96,754	0.06	339	45.0	1.15	17,107	18	25	
0.15 to < 0.25	66	–	–	66	0.22	7	45.0	0.14	16	25	–	
0.25 to < 0.50	889	–	–	889	0.37	12	45.0	0.85	497	56	1	
0.50 to < 0.75	531	–	–	531	0.63	7	45.0	0.58	371	70	2	
0.75 to < 2.50	49	–	–	49	0.87	3	45.0	0.13	35	70	–	
2.50 to < 10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	97,522	1,223	59.0	98,289	0.06	368	45.0	1.14	18,026	18	28	9
Portfolio (ii) – Corporate – Small and medium-sized enterprises ('SMEs')												
0.00 to < 0.15	364	286	10.0	347	0.13	2	40.0	2.82	101	29	–	
0.15 to < 0.25	39	602	15.6	101	0.22	42	39.5	1.00	25	25	–	
0.25 to < 0.50	–	33	10.0	3	0.37	3	40.0	1.00	1	33	–	
0.50 to < 0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to < 2.50	1,548	521	14.0	1,562	0.93	15	23.8	1.94	620	40	4	
2.50 to < 10.00	33	–	–	33	3.05	3	40.0	0.11	24	73	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	1,984	1,442	13.8	2,046	0.79	65	27.6	2.02	771	38	4	39
Portfolio (iii) – Corporate – Large corporates												
0.00 to < 0.15	78,145	43,032	25.1	88,948	0.08	163	40.0	1.48	14,738	17	28	
0.15 to < 0.25	26,846	19,809	30.7	32,929	0.22	84	39.9	1.65	11,104	34	29	
0.25 to < 0.50	24,394	13,743	20.2	27,170	0.37	125	39.2	1.81	12,386	46	39	
0.50 to < 0.75	15,660	15,772	17.1	18,353	0.63	124	40.0	1.28	10,166	55	46	
0.75 to < 2.50	30,973	63,054	18.5	42,356	1.32	450	39.0	1.23	31,027	73	223	
2.50 to < 10.00	7,454	8,038	14.1	8,585	3.37	140	39.6	1.02	8,710	101	120	
10.00 to <100.00	11,358	696	41.2	11,644	16.43	31	27.4	1.97	13,367	115	588	
100.00 (Default)	3,603	–	–	3,603	100.00	31	36.1	1.10	–	–	1,231	
Sub-total	198,433	164,144	21.6	233,588	2.94	1,148	39.0	1.48	101,498	43	2,304	1,404
Portfolio (iv) – Corporate – Financial institutions treated as corporates												
0.00 to < 0.15	14,093	3,026	22.6	14,777	0.09	24	45.0	1.92	4,547	31	6	
0.15 to < 0.25	3,235	1,024	24.7	3,487	0.22	17	45.0	2.22	2,004	57	3	
0.25 to < 0.50	1,025	1,404	10.1	1,167	0.37	12	45.0	1.16	652	56	2	
0.50 to < 0.75	3,312	963	21.2	3,516	0.63	16	46.5	1.76	3,011	86	10	
0.75 to < 2.50	3,633	1,585	12.8	3,835	1.05	38	45.0	1.89	4,054	106	18	
2.50 to < 10.00	46	30	10.0	49	4.20	9	45.0	4.76	76	154	1	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	2,010	–	–	2,010	100.00	9	55.6	1.51	–	–	1,118	
Sub-total	27,354	8,032	18.5	28,841	7.28	125	45.9	1.88	14,344	50	1,158	514
Portfolio (v) – Corporate – Other corporates												
0.00 to < 0.15	422	486	16.3	502	0.07	16	40.0	1.17	100	20	–	
0.15 to < 0.25	178	795	10.4	260	0.22	32	40.0	1.07	76	29	–	
0.25 to < 0.50	1,339	1,865	11.4	1,552	0.37	42	40.0	2.14	780	50	2	
0.50 to < 0.75	1,546	1,002	15.7	1,703	0.63	58	40.2	1.90	1,075	63	4	
0.75 to < 2.50	2,793	4,629	14.8	3,416	1.44	547	36.7	0.67	2,209	65	18	
2.50 to < 10.00	1,298	1,321	10.5	1,436	3.80	143	35.6	1.15	1,376	96	20	
10.00 to <100.00	742	22	50.0	753	39.36	32	20.3	1.40	522	69	59	
100.00 (Default)	1,900	–	–	1,900	100.00	45	23.2	2.07	–	–	475	
Sub-total	10,218	10,120	13.5	11,522	16.44	915	35.5	1.37	6,138	53	578	1,933

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 24.2: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Advanced IRB approach)

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2025	Original on-balance sheet gross exposure	OBS exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity ¹	RWA	RWA density	EL	Provisions ²
PD scale	HK\$m	HK\$m	%	HK\$m	%		%	years	HK\$m	%	HK\$m	HK\$m
Portfolio (vi) – Sovereign												
0.00 to < 0.15	458,864	–	–	458,864	0.01	94	31.3	1.37	15,391	3	16	
0.15 to < 0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to < 0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to < 0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to < 2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to < 10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	458,864	–	–	458,864	0.01	94	31.3	1.37	15,391	3	16	4
Portfolio (vii) – Corporate – SMEs												
0.00 to < 0.15	511	369	14.5	564	0.13	26	91.1	1.02	254	45	1	
0.15 to < 0.25	477	895	21.0	698	0.22	55	22.9	1.63	129	18	–	
0.25 to < 0.50	668	1,273	14.4	851	0.37	72	30.9	2.35	283	33	1	
0.50 to < 0.75	3,643	1,669	24.2	4,047	0.63	91	23.1	2.30	1,435	35	1	
0.75 to < 2.50	14,173	6,240	18.1	15,307	1.42	423	31.3	2.27	9,640	63	36	
2.50 to < 10.00	2,574	492	17.8	2,661	4.51	77	26.7	2.56	1,890	71	15	
10.00 to <100.00	628	107	44.5	675	10.00	7	53.6	3.59	1,467	217	34	
100.00 (Default)	2,385	11	78.7	2,412	100.00	14	37.1	1.76	3,290	136	554	
Sub-total	25,059	11,056	19.0	27,215	10.46	765	31.7	2.25	18,388	68	642	672
Portfolio (viii) – Corporate – Other												
0.00 to < 0.15	1,746	1,970	13.2	2,005	0.09	110	41.3	3.04	482	24	1	
0.15 to < 0.25	3,402	3,008	20.6	4,021	0.22	119	32.7	2.17	1,196	30	2	
0.25 to < 0.50	7,189	6,787	18.5	8,443	0.37	169	42.2	1.68	3,977	47	12	
0.50 to < 0.75	3,801	4,496	16.1	4,525	0.63	164	33.8	2.20	2,459	54	6	
0.75 to < 2.50	31,154	15,796	16.1	34,078	1.54	999	31.1	2.02	22,132	65	92	
2.50 to < 10.00	5,375	2,806	16.6	5,842	3.93	257	30.2	2.17	5,117	88	37	
10.00 to <100.00	6,937	1,469	35.0	7,451	15.68	84	33.3	1.82	11,155	150	272	
100.00 (Default)	20,530	296	10.2	20,743	100.00	231	35.0	1.17	22,896	110	5,232	
Sub-total	80,134	36,628	17.5	87,108	26.10	2,133	33.7	1.82	69,414	80	5,654	6,952

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 24.3: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Retail IRB approach)

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2025	Original on-balance sheet gross exposure	OBS exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity ¹	RWA	RWA density	EL	Provisions ²
PD scale	HK\$m	HK\$m	%	HK\$m	%		%	years	HK\$m	%	HK\$m	HK\$m
Portfolio (ix) – Retail – Qualifying revolving retail exposures ('QRRE') (transactor)												
0.00 to < 0.15	7,084	135,361	60.9	89,547	0.07	1,492,538	108.4		4,482	5	71	
0.15 to < 0.25	1,170	7,879	61.5	6,013	0.23	120,847	106.0		751	12	14	
0.25 to < 0.50	1,738	9,289	59.4	7,257	0.41	100,172	105.6		1,454	20	31	
0.50 to < 0.75	904	1,291	67.6	1,776	0.59	18,090	101.2		460	26	11	
0.75 to < 2.50	1,588	1,339	73.1	2,566	1.33	21,311	101.4		1,213	47	34	
2.50 to < 10.00	390	431	70.6	694	4.23	9,084	103.8		775	112	30	
10.00 to < 100.00	30	7	133.0	40	25.81	496	100.6		81	202	10	
100.00 (Default)	3	2	5.0	3	100.00	24	101.8		5	159	3	
Sub-total	12,907	155,599	61.1	107,896	0.18	1,762,562	107.7		9,221	9	204	601
Portfolio (x) – Retail – QRRE (revolver)												
0.00 to < 0.15	3,078	38,181	71.1	30,231	0.10	411,049	105.9		1,998	7	33	
0.15 to < 0.25	786	4,405	70.1	3,872	0.23	59,311	104.0		474	12	9	
0.25 to < 0.50	2,025	9,566	65.6	8,300	0.41	97,008	105.1		1,658	20	36	
0.50 to < 0.75	1,094	2,300	68.6	2,673	0.60	32,049	101.9		700	26	16	
0.75 to < 2.50	3,892	3,578	72.2	6,475	1.46	59,742	101.0		3,268	50	95	
2.50 to < 10.00	3,049	1,010	94.4	4,002	4.79	32,725	101.1		4,700	117	194	
10.00 to < 100.00	1,443	133	187.8	1,693	38.47	11,371	98.7		2,996	177	623	
100.00 (Default)	116	3	5.0	116	100.00	191	93.8		175	151	95	
Sub-total	15,483	59,176	70.8	57,362	1.99	703,446	104.3		15,969	28	1,101	413
Portfolio (xi) – Retail – Residential mortgage exposures												
0.00 to < 0.15	186,190	–	–	187,678	0.09	49,253	28.7		11,320	6	46	
0.15 to < 0.25	64,586	–	–	65,102	0.18	37,605	29.0		7,107	11	35	
0.25 to < 0.50	438	–	–	441	0.34	60	20.9		55	12	–	
0.50 to < 0.75	19,072	–	–	19,224	0.50	7,310	27.0		4,077	21	26	
0.75 to < 2.50	19,995	–	–	20,153	0.98	14,482	24.8		6,210	31	49	
2.50 to < 10.00	6,899	–	–	6,952	4.21	4,402	24.8		5,195	75	73	
10.00 to < 100.00	5,294	–	–	5,334	21.88	2,939	23.3		7,084	133	271	
100.00 (Default)	1,125	–	–	1,125	100.00	398	27.8		3,287	292	50	
Sub-total	303,599	–	–	306,009	1.03	116,449	28.2		44,335	14	550	30
Portfolio (xii) – Retail – Small business retail exposures												
0.00 to < 0.15	2,079	–	–	2,088	0.07	1,066	14.5		60	3	–	
0.15 to < 0.25	426	–	–	428	0.18	112	21.0		35	8	–	
0.25 to < 0.50	64	–	–	64	0.36	15	48.6		18	29	–	
0.50 to < 0.75	365	–	–	367	0.56	141	16.2		45	12	–	
0.75 to < 2.50	390	–	–	391	1.07	99	47.6		191	49	2	
2.50 to < 10.00	439	–	–	440	6.25	188	20.0		134	31	6	
10.00 to < 100.00	–	–	–	–	–	–	–		–	–	–	
100.00 (Default)	40	–	–	40	100.00	9	17.7		70	172	2	
Sub-total	3,803	–	–	3,818	2.01	1,630	20.0		553	14	10	3
Portfolio (xiii) – Retail – Other retail exposures to individuals												
0.00 to < 0.15	1,262	2,126	43.3	2,182	0.09	8,447	42.2		209	10	1	
0.15 to < 0.25	1,867	2,727	50.8	3,253	0.22	8,242	25.5		344	11	2	
0.25 to < 0.50	4,343	1,406	50.5	5,100	0.34	33,988	94.7		2,723	53	16	
0.50 to < 0.75	1,637	143	69.0	1,750	0.60	7,141	84.1		1,172	67	9	
0.75 to < 2.50	7,688	1,096	64.8	8,447	1.30	23,118	67.9		6,417	76	79	
2.50 to < 10.00	3,323	121	65.6	3,432	4.81	13,617	82.6		4,157	121	136	
10.00 to < 100.00	811	30	77.5	842	18.80	4,561	89.6		1,591	189	148	
100.00 (Default)	92	1	5.0	92	100.00	356	72.9		290	315	44	
Sub-total	21,023	7,650	51.4	25,098	2.24	99,470	69.5		16,903	67	435	332

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 24.4: CR6 – Credit risk exposures by portfolio and PD range – for IRB approach (Total)

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2025	Original on-balance sheet gross exposure HK\$m	OBS exposures pre-CCF HK\$m	Average CCF %	EAD post-CRM and post-CCF HK\$m	Average PD %	Number of obligors	Average LGD %	Average maturity ¹ years	RWA HK\$m	RWA density %	EL HK\$m	Provisions ² HK\$m
Total (all portfolios)	1,256,383	455,070	41.4	1,447,656	2.91	2,689,170	42.5	1.46	330,951	23	12,684	12,906

1. The average maturity is relevant to wholesale portfolios only.

2. Provisions in this table represent the eligible provisions as defined under Division 1, Part 6 of the BCR which include the regulatory reserves for general banking risks and the impairment allowances reported under IRB approach.

RWA decreased by HK\$64.5bn and RWA density decreased from 26% to 23% in the first half of 2025, primarily attributed to the implementation of the Basel III final reform package.

The decrease in average CCF from 43.8% at 31 December 2024 to 41.4% at 30 June 2025 was due to the change from advanced IRB approach to foundation IRB approach after the implementation of Basel III final reform package.

The decrease in average PD from 3.22% at 31 December 2024 to 2.91% at 30 June 2025 was mainly due to the decrease in the proportion of defaulted portfolio under IRB approach.

Table 25: CR10 – Specialised lending under supervisory slotting criteria approach – Other than high-volatility commercial real estate ('HVCRE')

As at 30 Jun 2025		a	b	c	d(i)	d(ii)	d(iii)	d(iv)	d(v)	e	f
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount HK\$m	Off-balance sheet exposure amount HK\$m	Supervisory risk-weight ('SRW') %	EAD amount				Total HK\$m	RWA HK\$m	Expected loss amount HK\$m
					Project Finance ('PF') HK\$m	Object finance ('OF') HK\$m	Commodities finance ('CF') HK\$m	Income Producing Real Estate ('IPRE') HK\$m			
Strong [^]	Less than 2.5 years	6,596	1,546	50%	–	–	–	6,840	6,840	3,420	–
Strong	Less than 2.5 years	522	253	70%	–	–	–	623	623	436	2
Strong	Equal to or more than 2.5 years	2,037	16	70%	–	–	–	2,039	2,039	1,428	8
Good [^]	Less than 2.5 years	6,475	1,107	70%	–	–	–	6,609	6,609	4,627	26
Good	Less than 2.5 years	746	835	90%	–	–	–	1,053	1,053	948	8
Good	Equal to or more than 2.5 years	6,536	131	90%	–	–	–	6,552	6,552	5,896	52
Satisfactory		10,992	739	115%	–	–	–	11,200	11,200	12,879	315
Weak		2,104	16	250%	–	–	–	2,109	2,109	5,273	169
Default		19,794	64	0%	–	–	–	19,800	19,800	–	9,900
Total		55,802	4,707		–	–	–	56,825	56,825	34,907	10,480

[^] Use of preferential risk weights.

Compared with the position as at 31 December 2024, RWA decreased by HK\$5.1bn and EL increased by HK\$5.1bn. It was mainly due to the increase in exposures with default supervisory rating grade.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Credit risk under standardised approach

Table 26: CR5 - Credit risk exposures by asset classes and by risk weights – for STC approach

																											Total credit exposure amount (post-CCF and post-CRM)		
		0%	10%	15%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	80%	85%	90%	100%	105%	110%	130%	150%	250%	400%	1250%	Other		
As at 30 Jun 2025		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
1	Sovereign exposures	1,996	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,996	
2	PSE exposures	18,871	—	—	17,371	—	—	—	—	—	11	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	36,253	
3	Multilateral development bank exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
3a	Unspecified multilateral body exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
4	Bank exposures	—	—	—	3	—	135	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	159	—	—	—	—	297	
4a	Qualifying non-bank financial institution exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
5	Eligible covered bond exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
6	General corporate exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	1,904	—	94	—	26,083	—	—	—	—	—	—	—	—	28,081	
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,220	—	—	—	—	—	—	—	—	6,220	
6b	Specialised lending	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
7	Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2	—	—	—	2	
7a	Significant capital investments in commercial entities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5,310	15	—	—	5,325	
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
8	Retail exposures	—	—	—	—	—	—	—	—	8	—	—	—	—	4,408	—	—	—	4,588	—	—	—	—	—	—	—	—	35	9,039
8a	Exposures arising from IPO financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 26: CR5 - Credit risk exposures by asset classes and by risk weights – for STC approach (continued)

																									Total credit exposure amount (post-CCF and post-CRM)			
		0%	10%	15%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	80%	85%	90%	100%	105%	110%	130%	150%	250%	400%	1250%	Other	
As at 30 Jun 2025		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
9	Real estate exposures	—	—	—	9,427	2,653	3,295	—	4	—	2	406	—	3	1,437	—	1,832	—	7,013	—	—	—	199	—	—	—	3	26,274
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—	—	9,427	2,653	3,211	—	4	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	15,300
9b	Of which: no loan splitting applied	—	—	—	9,427	2,653	3,211	—	4	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	15,300
9c	Of which: loan splitting applied (secured)																											
9d	Of which: loan splitting applied (unsecured)																											
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	84	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	84	
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—	—	—	—	—	406	—	—	1	—	—	—	—	14	—	—	—	—	—	—	—	421
9g	Of which: no loan splitting applied	—	—	—	—	—	—	—	—	—	—	406	—	—	1	—	—	—	—	14	—	—	—	—	—	—	—	421
9h	Of which: loan splitting applied (secured)																											
9i	Of which: loan splitting applied (unsecured)																											
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—	—	—	—	—	—	—	3	—	—	—	—	—	—	—	—	—	—	—	—	—	3

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 26: CR5 - Credit risk exposures by asset classes and by risk weights – for STC approach (continued)

																										Total credit exposure amount (post-CCF and post-CRM)										
		0%	10%	15%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	80%	85%	90%	100%	105%	110%	130%	150%	250%	400%	1250%	Other	HK\$m								
As at 30 Jun 2025		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m								
9k	Of which: Other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—	—	—	—	—	—	—	—	1,436	—	1,832	—	6,999	—	—	—	—	—	—	—	—	—	10,267							
9l	Of which: no loan splitting applied	—	—	—	—	—	—	—	—	—	—	—	—	—	1,436	—	1,832	—	6,999	—	—	—	—	—	—	—	—	—	10,267							
9m	Of which: loan splitting applied (secured)																									—										
9n	Of which: loan splitting applied (unsecured)																									—										
9o	Of which: Other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—																				199	—			—	199									
9p	Of which: land acquisition, development and construction exposures	—																	—	—			—	—			—	—								
10	Defaulted exposures	—																				538	—			2,422	—			21	2,981					
11	Other exposures	—																				—			—			—			—					
11a	Cash and gold	—																									—	—			—			—		
11b	Items in the process of clearing or settlement	—																									—			—			—			

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 27: CR5 - Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures (STC version)

		a	b	c	d
Risk Weight		On-balance sheet exposure HK\$m	Off-balance sheet exposure (pre-CCF) HK\$m	Weighted average CCF ¹ %	Exposure (post-CCF and post-CRM) ² HK\$m
1	Less than 40%	58,096	11,343	18.8	53,771
2	40-70%	427	106	10.0	438
3	75%	7,034	7,129	10.0	7,748
4	85%	1,790	1,358	10.0	1,926
5	90- 100%	34,596	29,312	12.4	38,222
6	105-130%	11	198	10.0	31
7	150%	2,737	327	14.6	2,785
8	250%	5,312	0	0.0	5,312
9	400%	15	0	0.0	15
10	1250%	0	0	0.0	0
11	Total exposures at 30 Jun 2025	110,018	49,773	13.4	110,248

1 Weighting is based on off-balance sheet exposure (pre-CCF).

2 On-balance sheet and off-balance sheet exposures (post-CCF and post-CRM) are calculated by applying provisioning, credit risk mitigation measures and then CCFs (applicable to off-balance sheet exposures only).

The increase in average CCF from 6.7% at 31 December 2024 to 13.4% at 30 June 2025 is due to the use of revised CCF under STC approach after the implementation of the Basel III final reform package.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Credit risk mitigation

Table 28: CR3 – Overview of recognised credit risk mitigation

		a	b	c	d	e
		Exposures unsecured: carrying amount HK\$m	Exposures to be secured HK\$m	Exposures secured by recognised collateral HK\$m	Exposures secured by recognised guarantees HK\$m	Exposures secured by recognised credit derivative contracts HK\$m
As at 30 Jun 2025						
1	Loans	366,364	524,003	380,630	107,798	–
2	Debt securities	512,912	–	–	–	–
3	Total	879,276	524,003	380,630	107,798	–
4	Of which: defaulted	19,446	23,631	12,732	414	–

Table 29: CR7 – Effects on RWA of recognised credit derivative contracts used as recognised credit risk mitigation - for IRB approach

		a	b
		Pre-credit derivatives RWA HK\$m	Actual RWA HK\$m
As at 30 Jun 2025			
1	Corporate – Specialised lending (PF)	–	–
2	Corporate – Specialised lending (OF)	–	–
3	Corporate – Specialised lending (CF)	–	–
4	Corporate – Specialised lending (IPRE)	34,907	34,907
5	Corporate – Specialised lending (HVCRE)	–	–
6	Corporate – Small-and-medium sized corporates	19,159	19,159
7	Corporate – Large corporates	101,498	101,498
8	Corporate – Financial institutions treated as corporates	14,344	14,344
9	Corporate – Other corporates	75,552	75,552
10	Sovereign – Sovereigns	13,398	13,398
11	Sovereign – Sovereign foreign PSEs	–	–
12	Sovereign – Multilateral development banks	1,993	1,993
13	Bank – Banks (excluding covered bonds)	16,617	16,617
14	Bank – Qualifying non-bank financial institutions	–	–
15	Bank – PSEs (excluding sovereign foreign public sector entities)	–	–
16	Bank – Unspecified multilateral bodies	–	–
17	Bank – Covered bonds	1,409	1,409
18	Retail – Small business retail exposures	553	553
19	Retail – Residential mortgages to individuals	43,868	43,868
20	Retail – Residential mortgages to property-holding shell companies	467	467
21	Retail – QRRE (transactor)	9,221	9,221
22	Retail – QRRE (revolver)	15,969	15,969
23	Retail – Other retail exposures to individuals	16,903	16,903
24	CIS – CIS exposures	611	611
25	Other – Cash items	–	–
26	Other – Other items	34,734	34,734
27	Total (under the IRB calculation approaches)	401,203	401,203

There is no impact on RWA, as the Group does not have credit derivative contracts used as recognised CRM.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 30: CR4 – Credit risk exposures and effects of recognised credit risk mitigation – for STC approach

		a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM ²		RWA and RWA density	
		On-balance sheet amount	OBS amount	On-balance sheet amount	OBS amount	RWA	RWA density
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	%
As at 30 Jun 2025							
Exposure classes							
1	Sovereign exposures	–	–	1,965	31	–	0
2	PSE exposures	34,812	4,389	34,812	1,441	3,480	10
3	Multilateral development bank exposures	–	–	–	–	–	0
3a	Unspecified multilateral body exposures	–	–	–	–	–	0
4	Bank exposures	297	–	297	–	280	94
4a	Qualifying non-bank financial institution exposures	–	–	–	–	–	0
5	Eligible covered bond exposures	–	–	–	–	–	0
6	General corporate exposures	27,513	25,139	25,076	3,005	27,590	98
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	5,615	6,045	5,615	605	6,220	100
6b	Specialised lending	–	–	–	–	–	0
7	Equity exposures	2	–	2	–	6	250
7a	Significant capital investments in commercial entities	–	–	–	–	–	0
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	5,325	–	5,325	–	13,335	250
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	–	–	–	–	–	0
8	Retail exposures	13,293	14,472	8,047	992	7,938	88
8a	Exposures arising from IPO financing	–	–	–	–	–	0
9	Real estate exposures	25,831	5,561	25,722	552	13,733	52
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	15,291	92	15,291	9	3,517	23
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	63	211	63	21	25	30
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	421	2	421	–	259	61
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	32	–	3	2	70
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	9,865	5,148	9,756	511	9,633	94
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	191	76	191	8	297	150
9g	Of which: land acquisition, development and construction exposures	–	–	–	–	–	0

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 30: CR4 – Credit risk exposures and effects of recognised credit risk mitigation – for STC approach (continued)

		a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM ²		RWA and RWA density	
		On-balance sheet amount	OBS amount	On-balance sheet amount	OBS amount	RWA	RWA density
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	%
As at 30 Jun 2025							
Exposure classes							
10	Defaulted exposures	2,945	212	2,945	36	4,172	140
11	Other exposures	–	–	–	–	–	0
11a	Cash and gold	–	–	–	–	–	0
11b	Items in the process of clearing or settlement	–	–	–	–	–	0
12	Total	110,018	49,773	104,191	6,057	70,534	64

- Exposures pre-CCF and pre-CRM are reported under obligor's corresponding exposure class. Where the exposure is covered by a guarantee, the credit protection covered portion of the exposure is reported under the exposure class of credit protection provider in columns (c) & (d).
- On-balance sheet and off-balance sheet exposures (post-CCF and post-CRM) are calculated by applying provisioning, credit risk mitigation measures and then CCFs (applicable to off-balance sheet exposures only).

RWA increased by HK\$17.8bn and RWA density increased from 57% to 64% in the first half of 2025, primarily due to that equity exposures and holdings of capital Instruments issued by financial sector entities are risk-weighted under the STC approach after the implementation of the Basel III final reform package.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Counterparty credit risk exposures

Counterparty credit risk exposures

CCR arises from derivatives (including long settlement transactions) and SFTs. It is calculated in both the trading and banking books, and is the risk that a counterparty may default before final settlement, for cases where there is a bilateral risk of loss.

Table 31: CCR1 – Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches

	a	b	c	d	e	f
			Effective expected positive exposure ('EPE') HK\$m	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM HK\$m	RWA HK\$m
As at 30 Jun 2025		RC HK\$m	PFE HK\$m			
1 SA-CCR approach (for derivative contracts)	6,367	13,891		1.4	28,362	7,021
1a CEM (for derivative contracts)	–	–		N/A	–	–
2 IMM (CCR) approach			–	–	–	–
3 Simple Approach (for SFTs)					–	–
4 Comprehensive approach (for SFTs)					2,664	315
5 Value at risk ('VaR') (for SFTs)					–	–
6 Total						7,336

Table 32: CCR5 – Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs)

	a	b	c	d	e	f
	Derivative contracts				SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
As at 30 Jun 2025	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Cash – domestic currency	–	619	–	510	5,509	7,481
Cash – other currencies	–	161	–	5,975	9,692	55,849
Domestic sovereign debt	1	–	–	–	468	5,669
Other sovereign debt	745	–	–	–	20,879	10,363
Government agency debt	–	–	–	–	–	–
Corporate bonds	–	–	–	–	21,331	–
Equity securities	–	–	–	–	–	–
Other collateral	26	–	–	–	21,521	2,702
Total	772	780	–	6,485	79,400	82,064

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 33: CCR8 – Exposures to CCPs

		a	b
		Exposure after CRM HK\$m	RWA HK\$m
As at 30 Jun 2025			
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		479
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	11,987	463
3	(i) Over-the-counter ('OTC') derivative transactions	11,987	463
4	(ii) Exchange-traded derivative contracts	–	–
5	(iii) SFTs	–	–
6	(iv) Netting sets subject to valid cross-product netting agreements	–	–
7	Segregated initial margin	–	
8	Unsegregated initial margin	348	11
9	Funded default fund contributions	209	5
10	Unfunded default fund contributions	–	–
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		–
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	–	–
13	(i) OTC derivative transactions	–	–
14	(ii) Exchange-traded derivative contracts	–	–
15	(iii) SFTs	–	–
16	(iv) Netting sets subject to valid cross-product netting agreements	–	–
17	Segregated initial margin	–	
18	Unsegregated initial margin	–	–
19	Funded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Counterparty credit risk under internal ratings-based approach

Table 34: CCR4 – Counterparty credit risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach

		a	b	c	d	e	f	g
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
As at 30 Jun 2025		HK\$m	%		%	years	HK\$m	%
Sovereign (Advanced IRB approach)	PD scale							
	0.00 to < 0.15	10	0.01	1	10.0	0.01	–	–
	0.15 to < 0.25	–	–	–	–	–	–	–
	0.25 to < 0.50	–	–	–	–	–	–	–
	0.50 to < 0.75	–	–	–	–	–	–	–
	0.75 to < 2.50	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	10	0.01	1	10.0	0.01	–	–
Bank (Foundation IRB approach)	0.00 to < 0.15	23,696	0.05	87	45.0	0.92	3,560	15
	0.15 to < 0.25	396	0.22	9	45.0	0.77	128	32
	0.25 to < 0.50	234	0.37	6	45.0	0.89	130	56
	0.50 to < 0.75	37	0.63	5	45.0	0.97	28	76
	0.75 to < 2.50	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	24,363	0.06	107	45.0	0.92	3,846	16
Corporate (Advanced IRB approach)	0.00 to < 0.15	–	–	–	–	–	–	–
	0.15 to < 0.25	–	–	–	–	–	–	–
	0.25 to < 0.50	–	–	–	–	–	–	–
	0.50 to < 0.75	–	–	–	–	–	–	–
	0.75 to < 2.50	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	–	–	–	–	–	–	–
Corporate (Foundation IRB approach)	0.00 to < 0.15	2,210	0.08	25	41.5	0.97	348	16
	0.15 to < 0.25	465	0.22	16	43.8	0.26	114	24
	0.25 to < 0.50	494	0.37	12	40.0	1.00	193	39
	0.50 to < 0.75	141	0.63	10	40.0	1.00	75	53
	0.75 to < 2.50	1,294	1.09	46	40.0	1.00	842	65
	2.50 to < 10.00	433	4.87	12	40.0	1.00	496	115
	10.00 to < 100.00	–	10.00	1	40.0	1.00	–	156
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	5,037	0.81	122	41.0	0.92	2,068	41
Total (sum of all portfolios)		29,410	0.19	230	44.3	0.92	5,914	20

The Group has not used the IMM(CCR) to calculate its default risk exposure.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Counterparty credit risk under standardised approach

Table 35: CCR3 – Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach

As at 30 Jun 2025		a	b	c	ca	cb	d	e	ea	f	g	h	i
													Total default risk exposure
Risk Weight		0% HK\$m	10% HK\$m	20% HK\$m	30% HK\$m	40% HK\$m	50% HK\$m	75% HK\$m	85% HK\$m	100% HK\$m	150% HK\$m	Others HK\$m	after CRM HK\$m
Exposure class													
1	Sovereign exposures	–	–	–	–	–	–	–	–	–	–	–	–
2	PSE exposures	–	–	241	–	–	–	–	–	–	–	–	241
3	Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–	–
4	Unspecified multilateral body exposures	–	–	–	–	–	–	–	–	–	–	–	–
5	Bank exposures	–	–	–	–	–	–	–	–	–	–	–	–
6	Qualifying non-bank financial institution exposures	–	–	–	–	–	–	–	–	–	–	–	–
7	General corporate exposures	–	–	–	–	–	–	–	–	949	–	–	949
8	Retail exposures	–	–	–	–	–	–	–	–	426	–	–	426
9	Defaulted exposures	–	–	–	–	–	–	–	–	–	–	–	–
10	Other exposures	–	–	–	–	–	–	–	–	–	–	–	–
11	Total	–	–	241	–	–	–	–	–	1,375	–	–	1,616

Credit valuation adjustment risk

Table 36: CVA1 – CVA risk under reduced basic CVA approach

As at 30 Jun 2025		a	b
		Components HK\$m	CVA risk capital charge under the reduced basic CVA approach HK\$m
1	Aggregation of systematic components of CVA risk	2,122	
2	Aggregation of idiosyncratic components of CVA risk	1,421	
3	Total		1,056

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Market risk

Market risk under standardised approach

Table 37: MR1 – Market risk under STM approach

		a
		Market risk capital charges under STM approach
As at 30 Jun 2025		HK\$m
1	General interest rate risk	232
2	Equity risk	–
3	Commodity risk	12
4	Foreign exchange risk	514
5	Credit spread risk (non-securitization)	295
6	Credit spread risk (securitization: non-correlation trading portfolio ('CTP'))	–
7	Credit spread risk (securitization: CTP)	–
8	Standardized default risk charge ('SA-DRC') (non-securitization)	70
9	SA-DRC (securitization: non-CTP)	–
10	SA-DRC (securitization: CTP)	–
11	Residual risk add-on	37
12	Total	1,160

Liquidity information

The LCR aims to ensure that a bank has sufficient unencumbered HQLA to meet its liquidity needs in a 30 calendar day liquidity stress scenario. The Group also uses the NSFR as a basis for ensuring operating entities raise sufficient stable funding to support their business activities. The NSFR requires institutions to maintain a minimum amount of stable funding based on assumptions of asset liquidity.

The Group is required to calculate its LCR and NSFR on a consolidated basis in accordance with rule 11(1) of the BLR and is required to maintain both LCR and NSFR of not less than 100%.

The average LCR of the Group for the period is as follows:

Table 38: Average liquidity coverage ratio

	Quarter ended
	30 Jun 2025
	%
Average LCR	335.0

The liquidity position of the Group is strong and well above the statutory requirement of 100%. The average LCR increased to 335.0% for the quarter ended 30 June 25, mainly reflecting the increase in commercial surplus. This also led to an increase in period end NSFR to 182.6% for the quarter ended 30 June 2025.

The composition of the Group's HQLA as defined under Schedule 2 of the BLR is shown as below. The majority of HQLA included in the LCR are Level 1 assets as defined in the BLR which consist mainly of government debt securities.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

The total weighted amount of HQLA of the Group for the period are as follows:

Table 39: Total weighted amount of high-quality liquid assets	
	Weighted value (average) for the quarter ended
	30 Jun 2025
	HK\$m
Level 1 assets	464,938
Level 2A assets	37,005
Level 2B assets	4,949
Total weighted amount of HQLA	506,892

The NSFR of the Group for the period is as follows:

Table 40: Net stable funding ratio	
	Quarter ended
	30 Jun 2025
	%
NSFR	182.6

Sources of funding

Our primary sources of funding are customer deposits. We issue wholesale securities to supplement our customer deposits and change the currency mix or maturity profile of our liabilities.

Currency mismatch

Group policy requires all operating entities to manage currency mismatch risks for material currencies. Limits are set to ensure that outflows can be met, given assumptions on stressed capacity in the FX swap markets.

Additional contractual obligations

Under the terms of our current collateral obligations under derivative contracts (which are International Swaps and Derivatives Association ('ISDA') compliant Credit support annex ('CSA') contracts), the additional collateral required to post in the event of downgrade in credit ratings is nil.

A summary of the Group's current policies and practices for the management of liquidity and funding risk is set out in pages 84 to 89 of the Group's 2024 Annual Report*.

* Refers to printed version. The page reference of Annual Report (text version) is pages 88 to 93.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

The following table sets out the required disclosure items under the Liquidity Coverage Ratio Standard Disclosure Template as specified by the HKMA. Number of data points used in calculating the average value of the LCR and related components set out in this table for the quarter ended on 30 June 2025 was 71.

Table 41: LIQ1 – Liquidity coverage ratio – for category 1 institution

Basis of disclosure: consolidated		Quarter ended 30 Jun 2025 (71 data points)	
		a	b
		Unweighted value (average)	Weighted value (average)
		HK\$m	HK\$m
A	HQLA		
1	Total HQLA		506,892
B	Cash outflows		
2	Retail deposits and small business funding, of which:	1,004,293	82,449
3	Stable retail deposits and stable small business funding	256,860	7,706
4	Less stable retail deposits and less stable small business funding	747,433	74,743
4a	Retail term deposits and small business term funding	–	–
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:	213,535	93,743
6	Operational deposits	22,460	4,887
7	Unsecured wholesale funding (other than small business funding) not covered in row 6	189,956	87,737
8	Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period	1,119	1,119
9	Secured funding transactions (including securities swap transactions)		19
10	Additional requirements, of which:	158,662	25,592
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	6,469	6,469
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	4,007	4,007
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	148,186	15,116
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	30,146	30,146
15	Other contingent funding obligations (whether contractual or non-contractual)	362,044	2,082
16	Total cash outflows		234,031
C	Cash inflows		
17	Secured lending transactions (including securities swap transactions)	27,948	16,347
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	83,988	47,579
19	Other cash inflows	30,837	17,969
20	Total cash inflows	142,773	81,895
D	LCR (adjusted value)		
21	Total HQLA		506,892
22	Total net cash outflows		152,136
23	LCR (%)		335.0

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 42: LIQ2 – Net stable funding ratio – for category 1 institution

		a	b	c	d	e
		Quarter ended 30 Jun 2025				
		Unweighted value by residual maturity				
		<6 months				
		No specified term to maturity	or repayable on demand	6 months to < 12 months	12 months or more	Weighted amount
Basis of disclosure: consolidated		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
A	ASF item					
1	Capital:	170,255	–	–	–	170,255
2	Regulatory capital	170,255	–	–	–	170,255
2a	Minority interests not covered by row 2	–	–	–	–	–
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and small business funding:	–	1,017,597	–	–	929,294
5	Stable deposits		269,137	–	–	255,680
6	Less stable deposits		748,460	–	–	673,614
7	Wholesale funding:	–	307,190	6,483	640	135,338
8	Operational deposits		26,197	–	–	13,099
9	Other wholesale funding	–	280,993	6,483	640	122,239
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	42,015	24,140	576	24,809	25,097
12	Net derivative liabilities	–				
13	All other funding and liabilities not included in the above categories	42,015	24,140	576	24,809	25,097
14	Total ASF					1,259,984
B	RSF item					
15	Total HQLA for NSFR purposes ¹		497,639			17,531
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	38,439	311,260	95,667	519,923	561,560
18	Performing loans to financial institutions secured by Level 1 HQLA	–	10,722	–	–	1,072
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1	127,063	4,813	4,978	26,445
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	34,146	145,987	72,404	169,397	282,076
21	With a risk-weight of less than or equal to 35% under the STC approach	64	704	257	588	903
22	Performing residential mortgages, of which:	–	8,230	8,010	318,565	227,722
23	With a risk-weight of less than or equal to 35% under the STC approach	–	6,730	6,681	255,893	173,037
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	4,292	19,258	10,440	26,983	24,245
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	111,726	7,787	19	1,045	103,305
27	Physical traded commodities, including gold	3,709				3,153
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	3,455				2,937
29	Net derivative assets	972				972
30	Total derivative liabilities before adjustments for deduction of variation margin posted	3,728				186
31	All other assets not included in the above categories	99,862	7,787	19	1,045	96,057
32	OBS items ¹		506,822			7,503
33	Total RSF					689,899
34	NSFR (%)					182.6

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 42: LIQ2 – Net stable funding ratio – for category 1 institution (continued)

		a	b	c	d	e
		Quarter ended 31 Mar 2025				
		Unweighted value by residual maturity				Weighted amount HK\$m
		No specified term to maturity HK\$m	or repayable on demand HK\$m	6 months to < 12 months HK\$m	12 months or more HK\$m	
Basis of disclosure: consolidated						
A	ASF item					
1	Capital:	167,643	–	–	–	167,643
2	Regulatory capital	167,643	–	–	–	167,643
2a	Minority interests not covered by row 2	–	–	–	–	–
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and small business funding:	–	999,376	–	–	912,191
5	Stable deposits		255,033	–	–	242,282
6	Less stable deposits		744,343	–	–	669,909
7	Wholesale funding:	–	294,460	6,199	735	125,078
8	Operational deposits		22,646	–	–	11,323
9	Other wholesale funding	–	271,814	6,199	735	113,755
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	37,161	27,777	3,622	24,227	26,038
12	Net derivative liabilities	–				
13	All other funding and liabilities not included in the above categories	37,161	27,777	3,622	24,227	26,038
14	Total ASF					1,230,950
B	RSF item					
15	Total HQLA for NSFR purposes ¹		503,891			14,135
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	38,727	263,845	101,350	522,302	558,278
18	Performing loans to financial institutions secured by Level 1 HQLA	–	9,892	–	–	990
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1	84,221	6,663	4,789	20,754
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	34,823	142,360	77,271	174,993	287,727
21	With a risk-weight of less than or equal to 35% under the STC approach	55	1,482	227	2,105	2,258
22	Performing residential mortgages, of which:	–	7,734	7,529	319,874	228,105
23	With a risk-weight of less than or equal to 35% under the STC approach	–	6,377	6,338	257,099	173,472
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	3,903	19,638	9,887	22,646	20,702
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	113,443	8,816	5	1,045	103,798
27	Physical traded commodities, including gold	4,150				3,527
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	3,387				2,879
29	Net derivative assets	690				690
30	Total derivative liabilities before adjustments for deduction of variation margin posted	4,422				221
31	All other assets not included in the above categories	100,794	8,816	5	1,045	96,481
32	OBS items ¹			508,812		7,285
33	Total RSF					683,496
34	NSFR (%)					180.1

¹ The unweighted values disclosed in these rows are not required to be split by residual maturity.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Asset encumbrance

The following table is to provide the carrying amount of encumbered and unencumbered assets with breakdown of balance sheet assets.

Encumbered assets means any assets that the Bank is restricted or prevented from liquidating, selling, transferring or assigning, due to legal, regulatory, contractual or other limitations.

Unencumbered assets means any assets of the Bank other than encumbered assets.

Table 43: ENC – Asset encumbrance

	(a)	(c)	(d)
As at 30 Jun 2025	Encumbered assets	Unencumbered assets	Total
	HK\$m	HK\$m	HK\$m
Financial investments	18,090	498,443	516,533
Trading assets	11,451	27,072	38,523
Assets other than Financial investments and Trading assets	9,269	1,028,766	1,038,035
Total Assets	38,810	1,554,281	1,593,091

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Other disclosures

Mainland activities exposures

The analysis of mainland activities exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the BDR with reference to the HKMA's Return of Mainland Activities. This includes the mainland activities exposures extended by the Bank's Hong Kong offices and its wholly-owned banking subsidiary in mainland China.

Table 44: Mainland activities exposures

		On-balance sheet exposure HK\$m	OBS exposure HK\$m	Total exposures HK\$m
As at 30 Jun 2025				
	Type of Counterparties			
1	Central government, central government-owned entities and their subsidiaries and joint ventures ('JVs')	46,285	3,853	50,138
2	Local governments, local government-owned entities and their subsidiaries and JVs	17,844	1,246	19,090
3	People's Republic of China ('PRC') nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	84,846	11,614	96,460
4	Other entities of central government not reported in item 1 above	4,475	933	5,408
5	Other entities of local governments not reported in item 2 above	3,056	456	3,512
6	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	18,600	745	19,345
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	5,130	235	5,365
	Total	180,236	19,082	199,318
	Total assets after provision	1,612,228		
	On-balance sheet exposures as percentage of total assets	11.18%		

On-balance sheet exposures as percentage of total assets increased from 10.76% at 31 December 2024 to 11.18% at 30 June 2025.

International claims

The Group's country risk exposures in the table below are prepared in accordance with the HKMA Return of International Banking Statistics guidelines on a regulatory consolidation basis. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties, after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies.

The table shows claims on individual countries and territories or areas, after recognised risk transfer, amounting to not less than 10% of the Group's total international claims.

Table 45: International claims

		Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
As at 30 Jun 2025		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
	Developed countries	54,621	206,910	4,212	26,183	291,926
	– of which: United States	1,947	81,048	1,587	5,254	89,836
	Offshore centres	26,285	28,402	9,903	127,313	191,903
	– of which: Hong Kong SAR	14,304	2,994	7,298	114,844	139,440
	Developing Asia and Pacific	46,732	17,414	7,782	29,636	101,564
	– of which: Mainland China	39,031	17,139	6,178	27,850	90,198

At 30 June 2025, only claims on Hong Kong SAR, Mainland China and United States were the individual countries and territories or areas, which were not less than 10% of the Group's total international claims.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Non-trading foreign exchange exposures

The Group's FX exposures in the tables below are prepared in accordance with the HKMA Return of Foreign Currency Position.

The Group had the following net structural foreign currency exposures that were not less than 10% of total net structural foreign currency positions at 30 June 2025:

Table 46: Net structural foreign currency exposures

	USD	RMB	Other foreign currencies	Total foreign currencies
As at 30 Jun 2025	HK\$m	HK\$m	HK\$m	HK\$m
Net structural foreign currency exposures	12,628	14,874	1,791	29,293

The Group had the following non-structural foreign currency positions that were not less than 10% of the net non-structural positions in all foreign currencies at 30 June 2025:

Table 47: Non-structural foreign currency positions

	USD	RMB	Other foreign currencies	Total foreign currencies
As at 30 Jun 2025	HK\$m	HK\$m	HK\$m	HK\$m
Spot assets	295,475	148,709	239,372	683,556
Spot liabilities	(261,549)	(124,217)	(102,403)	(488,169)
Forward purchases	683,467	267,711	61,837	1,013,015
Forward sales	(709,797)	(291,102)	(199,346)	(1,200,245)
Net options positions	(1,066)	(16)	49	(1,033)
Net long (net short) position ¹	6,530	1,085	(491)	7,124

¹ The net options positions reported above are calculated using the delta-weighted positions of the options contracts.

A summary of the Group's current policies and practices for the management of foreign currency exposures is set out in page 84 of the Group's 2024 Annual Report*.

* Refers to printed version. The page reference of Annual Report (text version) is page 87 to 88.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Other information

Abbreviations

The following abbreviated terms are used throughout this document.

A		H	
AI	Authorised institution	HK\$bn	Billions (thousands of millions) of Hong Kong dollars
ASF	Available stable funding	HK\$m	Millions of Hong Kong dollars
AT1	Additional tier 1	HKMA	Hong Kong Monetary Authority
B		HKFRS	Hong Kong Financial Reporting Standards
Bank	Hang Seng Bank Limited	Hong Kong SAR	The Hong Kong Special Administrative Region of the People's Republic of China
BA-CVA	Reduced basic CVA approach	HSBC	HSBC Holdings
BCBS	Basel Committee on Banking Supervision	HSBC Group	HSBC Holdings together with its subsidiary undertakings
BCR	Banking (Capital) Rules	HQLA	High quality liquid assets
BDR	Banking (Disclosure) Rules	HVCRE	High-volatility commercial real estate
BLR	Banking (Liquidity) Rules	I	
BSC	Basic indicator	IAA	Internal assessment approach
C		IMA	Internal models approach
CCF	Credit conversion factor	IMM	Internal Models
CCP	Central counterparty	IMM(CCR)	Internal models (counterparty credit risk)
CCR	Counterparty credit risk	IPRE	Income producing real estate
CCyB	Countercyclical capital buffer	IRB	Internal ratings-based
CEM	Current exposure method	ISDA	International Swaps and Derivatives Association
CET1	Common equity tier 1	J	
CF	Commodities finance	JCCyB	Jurisdictional CCyB
CIS	Collective investment scheme	JVs	Joint ventures
CNY	Onshore Chinese Yuan	L	
CPT	Correlation trading portfolio	LAC	Loss-absorbing capacity
CRM	Credit risk mitigation	LAC Rules	Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements - Banking Sector) Rules
CSA	Credit support annex	LCR	Liquidity Coverage Ratio
CVA	Credit valuation adjustment	LGD	Loss given default
D		LR	Leverage ratio
D-SIB	Domestic systemically important authorised institution	LTA	Look-through approach
DTAs	Deferred tax assets	M	
E		MBA	Mandate-based approach
EAD	Exposure at default	MSRs	Mortgage servicing rights
ECL	Expected Credit Loss	N	
EL	Expected loss	N/A	Not applicable
EPE	Expected positive exposure	NSFR	Net stable funding ratio
EUR	Euro	O	
F		OBS	Off-balance sheet
FBA	Fall-back approach	OF	Object finance
FIRO	Financial Institutions (Resolution) Ordinance	OTC	Over-the-counter
FSB	Financial Stability Board	P	
FX	Foreign exchange	p.p.	Percentage point
G		PD	Probability of default
G-SIB	Global systemically important authorised institution	PF	Project finance
Group	Hang Seng Bank Limited together with its subsidiaries	PFE	Potential future exposure
		PRC	People's Republic of China

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

PSE	Public sector entity
Q	
QRRE	Qualifying revolving retail exposures
R	
RC	Replacement cost
RMB	Chinese Renminbi
RSF	Required stable funding
RW	Risk-weighted
RWA	Risk-weighted asset/risk-weighted amount
S	
SA-CCR	Standardised (counterparty credit risk)
SA-DRC	Standardized default risk charge
SEC-ERBA	Securitisation external ratings-based approach
SEC-FBA	Securitisation fall-back approach
SEC-IRBA	Securitisation internal ratings-based approach
SEC-SA	Securitisation standardised approach
SFT	Securities financing transaction
SME	Small and medium-sized enterprises
SRW	Supervisory risk-weight
SSTM	Simplified standardised
STC	Standardised (credit risk)
STM	Standardised (market risk)
T	
T1	Tier 1
T2	Tier 2
TC	Total regulatory capital
TLAC	Total Loss-absorbing Capacity
U	
USD	US dollar
V	
VaR	Value at risk