

Banking Disclosure Statement

30 September 2024

(Unaudited)

BANKING DISCLOSURE STATEMENT *(unaudited)*

Contents

	Page
Introduction	2
Purpose	2
Basis of preparation	2
Regulatory reporting processes and controls	2
The Banking Disclosure Statement	2
Key metrics	3
Capital and RWA	5
Leverage ratio	5
Overview of RWA and the minimum capital requirements	6
RWA flow statements	7
Main features of regulatory capital instruments and non-capital LAC debt instruments	8
Liquidity information	13
Other information	15
Abbreviations	15

Tables

Ref	Title	Page
1	KM1 – Key prudential ratios	3
2	KM2(A) – Key metrics – LAC requirements for material subsidiaries	4
3	LR2 – Leverage ratio	5
4	OV1 – Overview of RWA	6
5	CR8 – RWA flow statement of credit risk exposures under IRB approach	7
6	MR2 – RWA flow statement of market risk exposures under IMM approach	7
7	CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments	8
8	Average liquidity coverage ratio	13
9	Total weighted amount of high quality liquid assets	13
10	LIQ1 – Liquidity coverage ratio – for category 1 institution	14

Prefixes contained in the table names, where applicable, represent the reference codes of the standard disclosure templates and tables issued by the HKMA. Where applicable, RWA in tables 1 and 2 are applied with 1.06 scaling factor, while RWA in other tables are before such application.

BANKING DISCLOSURE STATEMENT *(unaudited) (continued)*

Introduction

Purpose

The information contained in this document is for Hang Seng Bank Limited ('the Bank') and its subsidiaries (together 'the Group') to 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 has been approved by the Board. 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.

The approaches used in calculating the Group's regulatory capital and risk-weighted assets ('RWA') are in accordance with the Banking (Capital) Rules ('BCR'). The Group uses the advanced internal ratings-based approach ('IRB') 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) approach ('SA-CCR') 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 standardised CVA method to calculate CVA capital charge. For market risk, the Group uses an internal models approach ('IMM') to calculate its general market risk for the risk categories of interest rate and foreign exchange (including gold) exposures and the standardised (market risk) approach ('STM') for calculating other market risk positions. For operational risk, the Group uses the standardised (operational risk) approach ('STO') to calculate its operational risk.

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

Regulatory reporting processes and controls

The quality of regulatory reporting remains a key priority for management and regulators. We are progressing with a multi-year comprehensive programme to strengthen our processes, improve consistency, and enhance controls across regulatory reports, focusing on our prudential regulatory reporting and other priority regulatory reports.

The Banking Disclosure Statement

The Group's Banking Disclosure Statement at 30 September 2024 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 issued by the Hong Kong Monetary Authority ('HKMA').

According to the BDR and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. 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 2024 Interim Report which can be found in the Investor Relations – Financial Statements section of our website, www.hangseng.com. There is no substantial change in the Group's operations in the third quarter of 2024.

Disclosure requirements covered in the Group's 2024 Interim Report:	Reference in Interim Report (Printed version)	Reference in Interim Report (Text version)
– BDR Section 16(1)(b) - Operations of the Group	Note 15 on pages 67 to 72	Note 15 on pages 71 to 74

BANKING DISCLOSURE STATEMENT (unaudited) (continued)
Key metrics

Table 1: KM1 – Key prudential ratios

		a	b	c	d	e
		At				
	Footnotes	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
Regulatory capital (HK\$m)		<i>1</i>				
1	Common Equity Tier 1 (CET1)	118,568	116,236	120,557	122,259	118,710
2	Tier 1 (T1)	130,155	127,967	132,301	134,003	130,454
3	Total capital	139,963	137,999	142,487	144,233	140,682
RWA (HK\$m)		<i>1</i>				
4	Total RWA	691,201	701,271	679,785	674,269	677,322
Risk-based regulatory capital ratios (as a percentage of RWA)		<i>1</i>				
5	CET1 ratio (%)	17.2	16.6	17.7	18.1	17.5
6	T1 ratio (%)	18.8	18.2	19.5	19.9	19.3
7	Total capital ratio (%)	20.2	19.7	21.0	21.4	20.8
Additional CET1 buffer requirements (as a percentage of RWA)		<i>1</i>				
8	Capital conservation buffer requirement (%)	2.500	2.500	2.500	2.500	2.500
9	Countercyclical capital buffer (CCyB) requirement (%)	0.855	0.858	0.854	0.846	0.835
10	Higher loss absorbency requirements (%) (applicable only to Global systemically important authorised institutions ('G-SIBs') or Domestic systemically important authorised institutions ('D-SIBs'))	1.000	1.000	1.000	1.000	1.000
11	Total authorised institution ('AI')-specific CET1 buffer requirements (%)	4.355	4.358	4.354	4.346	4.335
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.2	11.7	13.0	13.4	12.8
Basel III leverage ratio ('LR')		<i>3</i>				
13	Total LR exposure measure (HK\$m)	1,655,155	1,575,287	1,544,703	1,568,958	1,546,074
14	LR (%)	7.9	8.1	8.6	8.5	8.4
Liquidity Coverage Ratio ('LCR')		<i>4</i>				
15	Total high quality liquid assets ('HQLA') (HK\$m)	442,130	407,185	393,230	383,868	361,082
16	Total net cash outflows (HK\$m)	143,948	148,175	142,720	147,600	150,750
17	LCR (%)	307.9	277.2	276.8	260.6	240.1
Net Stable Funding Ratio ('NSFR')		<i>5</i>				
18	Total available stable funding ('ASF') (HK\$m)	1,220,784	1,171,893	1,151,589	1,159,272	1,132,365
19	Total required stable funding ('RSF') (HK\$m)	684,047	696,783	670,874	688,342	682,837
20	NSFR (%)	178.5	168.2	171.7	168.4	165.8

- 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 - (MA(BS)3)' return submitted to the HKMA on a consolidated basis under the requirements of section 3C(1) of the BCR.*
- 2 The jurisdictional CCyB of Hong Kong used in the calculation of CCyB requirement has been 1.0% since 31 March 2020. The jurisdictional CCyB of other countries used in the calculation of the CCyB requirement ranged from 0% to 2.5% at 30 September 2024.*
- 3 The Basel III LRs are disclosed in accordance with the information contained in the 'Leverage Ratio - (MA(BS)27)' 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 - (MA(BS)1E)' return submitted to the HKMA under rule 11(1) of the Banking (Liquidity) Rules ('BLR').*
- 5 The NSFR disclosures are made in accordance with the information contained in the 'Stable Funding Position - (MA(BS)26)' return submitted to the HKMA under the requirements specified in rule 11(1) of the BLR.*

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 2: KM2(A) – Key metrics – LAC requirements for material subsidiaries

	a	b	c	d	e
	At				
	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
	<i>Footnotes</i>				
Of the material entity at LAC consolidation group level					
1 Internal loss-absorbing capacity available (HK\$m)	167,439	165,490	169,983	171,724	168,177
2 RWA under the LAC Rules (HK\$m)	691,201	701,271	679,785	674,269	677,322
3 Internal LAC risk-weighted ratio (%)	24.2	23.6	25.0	25.5	24.8
4 Exposure measure under the LAC Rules (HK\$m)	1,654,110	1,574,242	1,543,658	1,567,913	1,545,029
5 Internal LAC leverage ratio (%)	10.1	10.5	11.0	11.0	10.9
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?	Not applicable ¹	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?	Not applicable ¹	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	Not applicable ¹	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.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Capital and RWA

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 3: LR2 – Leverage ratio

	a	b
	30 Sep 2024	30 Jun 2024
	HK\$m	HK\$m
On-balance sheet exposures		
1 On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	1,549,372	1,484,512
2 Less: Asset amounts deducted in determining T1 capital	(34,137)	(33,422)
3 Total on-balance sheet exposures (excluding derivative contracts and SFTs)	1,515,235	1,451,090
Exposures arising from derivative contracts		
4 Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	12,887	12,532
5 Add-on amounts for potential future exposure ('PFE') associated with all derivative contracts	28,022	26,918
6 Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7 Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
8 Less: Exempted central counterparty ('CCP') leg of client-cleared trade exposures	-	-
9 Adjusted effective notional amount of written credit-related derivative contracts	-	-
10 Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11 Total exposures arising from derivative contracts	40,909	39,450
Exposures arising from SFTs		
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	37,773	27,786
13 Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14 CCR exposure for SFT assets	475	214
15 Agent transaction exposures	-	-
16 Total exposures arising from SFTs	38,248	28,000
Other off-balance sheet ('OBS') exposures		
17 OBS exposure at gross notional amount	523,764	508,910
18 Less: Adjustments for conversion to credit equivalent amounts	(446,181)	(436,695)
19 OBS items	77,583	72,215
Capital and total exposures		
20 T1 capital	130,155	127,967
20a Total exposures before adjustments for specific and collective provisions	1,671,975	1,590,755
20b Adjustments for specific and collective provisions	(16,820)	(15,468)
21 Total exposures after adjustments for specific and collective provisions	1,655,155	1,575,287
LR		
22 LR ¹ (%)	7.9%	8.1%

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

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Overview of RWA and the minimum capital requirements

Table 4: OV1 – Overview of RWA

	a	b	c
	RWA ¹		Minimum capital requirements ²
	30 Sep 2024	30 Jun 2024	30 Sep 2024
	HK\$m	HK\$m	HK\$m
1 Credit risk for non-securitisation exposures	534,239	544,074	45,056
2 Of which: Standardised (credit risk) approach ('STC')	51,515	51,439	4,121
2a Of which: Basic approach ('BSC')	-	-	-
3 Of which: Foundation IRB approach	-	-	-
4 Of which: Supervisory slotting criteria approach	43,489	43,789	3,688
5 Of which: Advanced IRB approach	439,235	448,846	37,247
6 Counterparty default risk and default fund contributions	7,580	10,432	636
7 Of which: SA-CCR approach	6,842	10,040	576
7a Of which: Current exposure method ('CEM')	-	-	-
8 Of which: Internal models (counterparty credit risk) approach ('IMM(CCR)')	-	-	-
9 Of which: Others	738	392	60
10 CVA risk	9,077	9,890	726
11 Equity positions in banking book under the simple risk-weight method and internal models method	18,308	16,409	1,553
12 CIS exposures – LTA	534	555	45
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: Securitisation internal ratings-based approach ('SEC-IRBA')	-	-	-
18 Of which: Securitisation external ratings-based approach ('SEC-ERBA') (including internal assessment approach ('IAA'))	-	-	-
19 Of which: Securitisation standardised approach ('SEC-SA')	-	-	-
19a Of which: Securitisation fall-back approach ('SEC-FBA')	-	-	-
20 Market risk	18,355	18,001	1,468
21 Of which: STM approach	382	292	30
22 Of which: IMM approach	17,973	17,709	1,438
23 Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	Not applicable	Not applicable	Not applicable
24 Operational risk	66,959	65,542	5,357
24a Sovereign concentration risk	-	-	-
25 Amounts below the thresholds for deduction (subject to 250% Risk-Weight ('RW'))	17,616	17,616	1,494
26 Capital floor adjustment	-	-	-
26a Deduction to RWA	(12,984)	(13,297)	(1,039)
26b Of which: Portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 ('T2') Capital	-	-	-
26c Of which: Portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in T2 Capital	(12,984)	(13,297)	(1,039)
27 Total	659,684	669,222	55,296

1 RWA in this table are presented before the application of the 1.06 scaling factor, where applicable.

2 Minimum capital requirement represents the Pillar 1 capital charge at 8% of the RWA after application of the 1.06 scaling factor, where applicable.

3 Item marked with an asterisk (*) will be applicable only after the respective policy frameworks take effect. Until then, 'Not applicable' is reported in this row.

Total RWA decreased by HK\$9.5bn in the third quarter of 2024. Major movement came from below credit risk exposures:

Credit risk for non-securitisation exposures

RWA decreased by HK\$9.8bn mainly due to a drop in loan size.

Counterparty default risk and default fund contributions, and CVA risk

RWA decreased by HK\$3.7bn mainly due to changes in foreign exchange derivative contract exposures.

Equity positions in banking book under the simple risk-weight method and internal models method

RWA increased by HK\$1.9bn due to value appreciation on holding.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

RWA flow statements

RWA flow statement for credit risk

Table 5: CR8 – RWA flow statement of credit risk¹ exposures under IRB approach

	a
	Amount HK\$m
1 RWA as at end of previous reporting period (30 Jun 2024)	492,635
2 Asset size	(13,294)
3 Asset quality	3,762
4 Model updates	-
5 Methodology and policy	(683)
6 Acquisitions and disposals	-
7 Foreign exchange movements	1,185
8 Other	(881)
9 RWA as at end of reporting period (30 Sep 2024)	482,724

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

RWA decreased by HK\$9.9bn in the third quarter of 2024. This was mainly due to the decrease in corporate lending.

RWA flow statement for market risk

Table 6: MR2 – RWA flow statement of market risk exposures under IMM approach

	a	b	c	d	e	f
	Value at risk (‘VaR’) HK\$m	Stressed VaR (‘SVaR’) HK\$m	Incremental risk charge (‘IRC’) HK\$m	Comprehensive risk charge (‘CRC’) HK\$m	Other HK\$m	Total RWA HK\$m
1 RWA as at end of previous reporting period (30 Jun 2024)	5,359	12,350	-	-	-	17,709
2 Movement in risk levels	(81)	442	-	-	-	361
3 Model updates/changes	-	-	-	-	-	-
4 Methodology and policy	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-
6 Foreign exchange movements	(29)	(68)	-	-	-	(97)
7 Other	-	-	-	-	-	-
8 RWA as at end of reporting period (30 Sep 2024)	5,249	12,724	-	-	-	17,973

The increase in market risk RWA in the third quarter of 2024 was driven by Onshore Chinese Yuan (‘CNY’) foreign exchange positions.

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, Additional Tier 1 ('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 7: 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 Sep 2024		Quantitative / qualitative information
1	Issuer	Ordinary shares 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
<i>Regulatory treatment</i>		
4	Transitional Basel III rules ¹	N/A
5	Post-transitional Basel III rules ²	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
<i>Coupons / dividends</i>		
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	No
37	If yes, specify non-compliant features	N/A

Terms and conditions

[Terms and conditions - Ordinary shares](#)

Footnote:

¹ Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.

² Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

³ Subject to FIRO

⁴ 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')

[Master terms and conditions](#)

⁵ On 20 April 2022, the interest rate benchmark of US\$400m non-capital LAC debt instrument was transitioned to compounded SOFR from previous 3-month US\$ LIBOR.

⁶ 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')

[Amended master terms agreement](#)

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 7: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

As at 30 Sep 2024		b	c
		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	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	N/A	N/A
	<i>Regulatory treatment</i>		
4	Transitional Basel III rules ¹	N/A	N/A
5	Post-transitional Basel III rules ²	AT1	AT1
6	Eligible at solo / group / solo and group	Solo and Group	Solo and Group
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group	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	HK\$ 4,640 million	HK\$ 6,947 million
8a	Amount recognised in loss-absorbing capacity	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 Sep 2029 to 11 March 2030 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
	<i>Coupons / dividends</i>		
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 ³	Non-convertible ³
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 f under ii)	Immediately subordinate to non-capital LAC debt instruments (columns a to f under ii)
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
	Terms and conditions	Individual loan agreement⁶	Individual loan agreement⁶

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 7: 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 Sep 2024		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	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	N/A	N/A
	<i>Regulatory treatment</i>		
4	Transitional Basel III rules ¹	N/A	N/A
5	Post-transitional Basel III rules ²	Ineligible	Ineligible
6	Eligible at solo / group / solo and group	Ineligible	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group	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	N/A	N/A
8a	Amount recognised in loss-absorbing capacity	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
	<i>Coupons / dividends</i>		
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 ³	Non-convertible ³
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	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
	Terms and conditions	Individual loan agreement⁴	Individual loan agreement⁴

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 7: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		c	d
As at 30 Sep 2024		Quantitative / qualitative information	
		Subordinated loan (US\$ 400 million)	Subordinated loan (HK\$ 6,240 million)
1	Issuer	Hang Seng Bank Limited	Hang Seng Bank Limited
2	Unique identifier	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	N/A	N/A
<i>Regulatory treatment</i>			
4	Transitional Basel III rules ¹	N/A	N/A
5	Post-transitional Basel III rules ²	Ineligible	Ineligible
6	Eligible at solo / group / solo and group	Ineligible	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group	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	N/A	N/A
8a	Amount recognised in loss-absorbing capacity	HK\$ 3,107 million	HK\$ 6,240 million
9	Par value of instrument	US\$ 400 million	HK\$ 6,240 million
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	10 June 2019	13 June 2019
12	Perpetual or dated	Dated	Dated
13	Original maturity date	Interest payment date falling in June 2030	Interest payment date falling in June 2026
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 June 2025 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
<i>Coupons / dividends</i>			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	Compounded SOFR + 2.0478%	3-month HK\$ HIBOR + 1.342%
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 ³	Non-convertible ³
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	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
Terms and conditions		Amendment agreement⁵	Individual loan agreement⁴

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 7: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		e	f
As at 30 Sep 2024		Quantitative / qualitative information	
		Subordinated loan (HK\$ 5,000 million)	Subordinated loan (HK\$ 3,000 million)
1	Issuer	Hang Seng Bank Limited	Hang Seng Bank Limited
2	Unique identifier	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	N/A	N/A
<i>Regulatory treatment</i>			
4	Transitional Basel III rules ¹	N/A	N/A
5	Post-transitional Basel III rules ²	Ineligible	Ineligible
6	Eligible at solo / group / solo and group	Ineligible	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group	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	N/A	N/A
8a	Amount recognised in loss-absorbing capacity	HK\$ 4,994 million	HK\$ 2,995 million
9	Par value of instrument	HK\$ 5,000 million	HK\$ 3,000 million
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	30 November 2021	27 June 2022
12	Perpetual or dated	Dated	Dated
13	Original maturity date	Interest payment date falling in November 2027	Interest payment date falling in June 2028
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 November 2026 at par value	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	Callable on any interest payment date after first call date
<i>Coupons / dividends</i>			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	3-month HK\$ HIBOR + 1.00%	3-month HK\$ HIBOR + 1.68%
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 ³	Non-convertible ³
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	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
Terms and conditions		Individual loan agreement⁴	Individual loan agreement⁶

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Liquidity information

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%.

Table 8: Average liquidity coverage ratio

	Quarter ended
	30 Sep
	2024
	%
Average LCR	307.9

The average LCR was 307.9% for the quarter ended 30 Sep 2024. The liquidity position of the Group remained strong and above the statutory requirement of 100%. The average LCR increased from 277.2% for the quarter ended 30 June 2024 to 307.9% for the quarter ended 30 Sep 2024, mainly reflecting the increase in holding of HQLA as a result of the increase in commercial surplus. This also led to an increase of period-end NSFR from 168.2% for the quarter ended 30 June 2024 to 178.5% for the quarter ended 30 Sep 2024.

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

Table 9: Total weighted amount of high quality liquid assets

	Weighted value
	(average) for the
	quarter ended
	30 Sep
	2024
	HK\$m
Level 1 assets	428,247
Level 2A assets	9,739
Level 2B assets	4,144
Total weighted amount of HQLA	442,130

Sources of funding

The Group's primary sources of funding are customer current accounts, customer savings deposits payable on demand or at short notice and term deposits. We issue wholesale securities (secured and unsecured) to supplement customer deposits and change the currency mix, maturity profile or location of our liabilities.

Currency mismatch

HSBC 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 foreign exchange swap markets.

Additional contractual obligations

Most of the Group's derivative transactions are exchange rate contracts and interest rate contracts. 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 44 to 48 of the Group's 2024 Interim Report*.

* Refers to printed version. The page reference of Interim Report (text version) is pages 47 to 50.

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 Sep 2024 was 76.

Table 10: LIQ1 – Liquidity coverage ratio – for category 1 institution

		Quarter ended 30 Sep 2024 (76 data points)	
		a	b
Basis of disclosure: consolidated		Unweighted value (average) HK\$m	Weighted value (average) HK\$m
A	HQLA		
1	Total HQLA		442,130
B	Cash outflows		
2	Retail deposits and small business funding, of which:	939,754	79,742
3	<i>Stable retail deposits and stable small business funding</i>	203,331	6,100
4	<i>Less stable retail deposits and less stable small business funding</i>	736,423	73,642
4a	<i>Retail term deposits and small business term funding</i>	-	-
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	210,311	92,023
6	<i>Operational deposits</i>	22,392	5,019
7	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>	185,893	84,978
8	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	2,026	2,026
9	Secured funding transactions (including securities swap transactions)		84
10	Additional requirements, of which:	145,105	19,165
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	3,912	3,912
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	2,073	2,073
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	139,120	13,180
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	23,958	23,958
15	Other contingent funding obligations (whether contractual or non-contractual)	379,095	2,232
16	Total cash outflows		217,204
C	Cash inflows		
17	Secured lending transactions (including securities swap transactions)	18,106	10,585
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	87,512	49,081
19	Other cash inflows	25,852	13,590
20	Total cash inflows	131,470	73,256
D	LCR (adjusted value)		
21	Total HQLA		442,130
22	Total net cash outflows		143,948
23	LCR (%)		307.9%

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Other information

Abbreviations

A		L	
AI	Authorised institution	LAC Rules	Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements - Banking Sector) Rules
ASF	Available stable funding	LAC	Loss-absorbing Capacity
AT1	Additional Tier 1	LCR	Liquidity coverage ratio
B		LR	Leverage ratio
Bank	Hang Seng Bank Limited	LTA	Look-through approach
BCBS	Basel Committee on Banking Supervision	M	
BCR	Banking (Capital) Rules	MBA	Mandate-based approach
BDR	Banking (Disclosure) Rules	N	
BLR	Banking (Liquidity) Rules	N/A	Not applicable
BSC	Basic approach	NSFR	Net stable funding ratio
C		O	
CCP	Central counterparty	OBS	Off-balance sheet
CCR	Counterparty credit risk	P	
CCyB	Countercyclical capital buffer	PFE	Potential future exposure
CEM	Current exposure method	R	
CET1	Common Equity Tier 1	RSF	Required stable funding
CIS	Collective investment scheme	RWA	Risk-weighted asset(s)/risk-weighted amount(s)
CNY	Onshore Chinese Yuan	RW	Risk-Weight
CRC	Comprehensive risk charge	S	
CSA	Credit Support Annex	SA-CCR	Standardised (counterparty credit risk) approach
CVA	Credit valuation adjustment	SEC-ERBA	Securitisation external ratings-based approach
D		SEC-FBA	Securitisation fall-back approach
D-SIB	Domestic systemically important authorised institution	SEC-IRBA	Securitisation internal ratings-based approach
F		SEC-SA	Securitisation standardised approach
FBA	Fall-back approach	SFT	Securities financing transaction
FIRO	Financial Institutions (Resolution) Ordinance	STC	Standardised (credit risk) approach
FSB	Financial Stability Board	STM	Standardised (market risk) approach
G		STO	Standardised (operational risk) approach
G-SIB	Global systemically important authorised institution	SVaR	Stressed VaR
Group	Hang Seng Bank Limited together with its subsidiaries	T	
H		T1	Tier 1
HK\$bn	Billions (thousands of millions) of Hong Kong dollars	T2	Tier 2
HK\$m	Millions of Hong Kong dollars	TLAC	Total Loss-absorbing Capacity
HKMA	Hong Kong Monetary Authority	V	
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China	VaR	Value at risk
HQLA	High quality liquid assets	I	
I		IAA	Internal assessment approach
IMM	Internal models approach	IMM	Internal models approach
IMM(CCR)	Internal models (counterparty credit risk) approach	IMM(CCR)	Internal models (counterparty credit risk) approach
IRB	Internal ratings-based approach	IRB	Internal ratings-based approach
IRC	Incremental risk charge	IRC	Incremental risk charge
ISDA	International Swaps and Derivatives Association	ISDA	International Swaps and Derivatives Association