

Banking Disclosure Statement

30 June 2024

(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 issued by the HKMA. Where applicable, RWA in tables 1, 4, 5, 11 and 12 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 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. 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

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 June 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.

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 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Regulatory capital (HK\$m)						
1	Common Equity Tier 1 ('CET1')	116,236	120,557	122,259	118,710	117,229
2	Tier 1 ('T1')	127,967	132,301	134,003	130,454	128,973
3	Total capital	137,999	142,487	144,233	140,682	139,291
RWA (HK\$m)						
4	Total RWA	701,271	679,785	674,269	677,322	696,197
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	16.6	17.7	18.1	17.5	16.8
6	T1 ratio (%)	18.2	19.5	19.9	19.3	18.5
7	Total capital ratio (%)	19.7	21.0	21.4	20.8	20.0
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500	2.500	2.500	2.500	2.500
9	Countercyclical capital buffer ('CCyB') requirement (%)	0.858	0.854	0.846	0.835	0.828
10	Higher loss absorbency requirements (%) (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 (%)	4.358	4.354	4.346	4.335	4.328
12	CET1 available after meeting the AI's minimum capital requirements (%)	11.7	13.0	13.4	12.8	12.0
Basel III leverage ratio						
13	Total leverage ratio ('LR') exposure measure (HK\$m)	1,575,287	1,544,703	1,568,958	1,546,074	1,576,897
14	LR (%)	8.1	8.6	8.5	8.4	8.2
Liquidity Coverage Ratio ('LCR')						
15	Total high quality liquid assets ('HQLA') (HK\$m)	407,185	393,230	383,868	361,082	417,983
16	Total net cash outflows (HK\$m)	148,175	142,720	147,600	150,750	170,826
17	LCR (%)	277.2	276.8	260.6	240.1	245.0
Net Stable Funding Ratio ('NSFR')						
18	Total available stable funding ('ASF') (HK\$m)	1,171,893	1,151,589	1,159,272	1,132,365	1,149,715
19	Total required stable funding ('RSF') (HK\$m)	696,783	670,874	688,342	682,837	712,313
20	NSFR (%)	168.2	171.7	168.4	165.8	161.4

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 Banking (Capital) Rules ('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 June 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.

Total capital ratio decreased by 1.3 percentage point ('p.p.') compared with the position at Mar 2024. It is a combined effect of a decrease in total capital and an increase in total RWA.

The decrease in total capital of HK\$4.5bn was mainly driven by:

- a decrease of HK\$3.0bn due to share buy-back programme; and
- an increase of HK\$4.4bn in CET1 capital deduction arising from excess of total expected loss ('EL') amount over total eligible provisions under the Internal ratings-based approach ('IRB'); partially offset by:
- an increase of HK\$3.4bn from profits for the second quarter of 2024, net of dividends distributed (HK\$2.3bn) and additional tier 1 ('AT1') coupons paid.

Total RWA increased by HK\$21.5bn. Please refer to table 8 for details.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Structure of the regulatory group

Basis of consolidation

The basis of consolidation for financial accounting purposes is in accordance with Hong Kong Financial Reporting Standards ('HKFRS'), as described in notes 1 and 3 on the interim condensed consolidated financial statements in the 2024 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 also no subsidiaries that are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation as at 30 June 2024.

For all subsidiaries included in both the accounting and regulatory scope of consolidation, the same consolidation methodology is applied at 30 June 2024.

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 2024, the effect of this requirement is to restrict the amount of reserves which can be distributed by the Group to shareholders by HK\$437m.

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 2024.

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

	Principal activities	As at 30 Jun 2024	
		Total assets*	Total equity*
		HK\$m	HK\$m
Hang Seng Investment Management Ltd	Fund management	308	271
Hang Seng Investment Services Ltd	Provision of investment commentaries on a regular basis	9	9
Hang Seng Securities Ltd	Trading and dealing in securities	2,080	853
Hang Seng Insurance Co. Ltd and its subsidiaries	Retirement benefits and life assurance	198,277	11,137
Hang Seng Qianhai Fund Management Co. Ltd	Fund raising, fund sales and asset management	174	156

* 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 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 risk-weighted amount. 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 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.

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
	Balance sheet as in published financial statements As at 30 Jun 2024 HK\$m	Under regulatory scope of consolidation As at 30 Jun 2024 HK\$m	Cross-referenced to Definition of Capital Components
Assets			
Cash and balances at central banks	10,198	10,198	
Trading assets	40,294	40,290	
Derivative financial instruments	17,006	17,072	
Financial assets mandatorily measured at fair value through profit or loss	164,832	275	
Reverse repurchase agreements – non-trading	25,778	27,089	
Placings with and advances to banks	96,064	86,156	
Loans and advances to customers	849,601	849,616	
<i>of which: Impairment allowances eligible for inclusion in Tier 2 ('T2') capital</i>		159	(1)
Financial investments	415,341	409,954	
Investment in subsidiaries		7,046	
Subordinated loans to subsidiaries		1,045	(2)
Interest in an associate	2,376	-	
Investment properties	11,833	8,901	
Property, plant and equipment	26,349	26,342	
Intangible assets	4,365	4,034	(3)
Other assets	44,416	26,051	
<i>of which: Deferred tax assets ('DTAs')</i>		407	(4)
<i>Defined benefit pension fund net assets</i>		153	(5)
Total assets	1,708,453	1,514,069	
Liabilities			
Deposits from banks	11,102	11,102	
Current, savings and other deposit accounts	1,169,784	1,172,004	
Repurchase agreements – non-trading	20,320	20,321	
Trading liabilities	18,994	18,994	
Derivative financial instruments	11,863	12,160	
<i>of which: Gains and losses due to changes in own credit risk on fair valued liabilities</i>		1	(6)
Financial liabilities designated at fair value	50,728	50,467	
Certificates of deposit in issue	7,305	7,305	
Other liabilities	37,846	27,323	
Insurance contract liabilities	180,189	-	
Current tax liabilities	2,670	1,734	
Deferred tax liabilities	3,794	3,778	
<i>of which: Deferred tax liabilities related to intangible assets</i>		621	(7)
<i>Deferred tax liabilities related to defined benefit pension fund</i>		25	(8)
Subordinated liabilities	27,491	27,491	
Total liabilities	1,542,086	1,352,679	
Equity			
Share capital	9,658	9,658	(9)
Retained profits	125,322	120,415	(10)
<i>of which: Revaluation gains of investment properties</i>		5,938	(11)
<i>Regulatory reserve for general banking risks</i>		437	(12)
<i>Regulatory reserve eligible for inclusion in Tier 2 capital</i>		38	(13)
<i>Valuation adjustments</i>		156	(14)
Other equity instruments	11,731	11,731	(15)
Other reserves	19,609	19,586	(16)
<i>of which: Cash flow hedge reserve</i>		(84)	(17)
<i>Revaluation reserve of properties</i>		18,239	(18)
<i>Valuation adjustments</i>		4	(19)
Total shareholders' equity	166,320	161,390	
Non-controlling interests	47	-	
Total equity	166,367	161,390	
Total equity and liabilities	1,708,453	1,514,069	

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
		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 30 June 2024	HK\$m	
CET1 capital: instruments and reserves		
1 Directly issued qualifying CET1 capital instruments plus any related share premium	9,658	(9)
2 Retained earnings	120,415	(10)
3 Disclosed reserves	19,586	(16)
4 Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)	Not applicable	Not applicable
5 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)	-	
6 CET1 capital before regulatory deductions	149,659	
CET1 capital: regulatory deductions		
7 Valuation adjustments	160	(14)+(19)
8 Goodwill (net of associated deferred tax liability)	-	
9 Other intangible assets (net of associated deferred tax liabilities)	3,413	(3)-(7)
10 DTAs (net of associated deferred tax liabilities)	407	(4)
11 Cash flow hedge reserve	(84)	(17)
12 Excess of total EL amount over total eligible provisions under the IRB approach	4,784	
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)	128	(5)-(8)
16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17 Reciprocal cross-holdings in CET1 capital instruments	-	
18 Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19 Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20 Mortgage servicing rights (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: mortgage servicing rights ('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	24,614	
26a Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	24,177	(11)+(18)
26b Regulatory reserve for general banking risks	437	(12)
26c Securitisation exposures specified in a notice given by the Monetary Authority	-	
26d Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e Capital shortfall of regulated non-bank subsidiaries	-	
26f Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and T2 capital to cover deductions	-	
28 Total regulatory deductions to CET1 capital	33,423	
29 CET1 capital	116,236	

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

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

	a	b
		Cross-referenced to Table 3
		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Component of regulatory capital HK\$m	
AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	11,731
31	<i>of which: classified as equity under applicable accounting standards</i>	11,731 (15)
32	<i>of which: classified as liabilities under applicable accounting standards</i>	-
33	Capital instruments subject to phase-out arrangements from AT1 capital	-
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-
36	AT1 capital before regulatory deductions	11,731
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	11,731
45	Tier 1 capital (T1 = CET1 + AT1)	127,967
T2 capital: instruments and provisions		
46	Qualifying T2 capital instruments plus any related share premium	-
47	Capital instruments subject to phase-out arrangements from T2 capital	-
48	T2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in T2 capital of the consolidation group)	-
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in T2 capital	197 (1)+(13)
51	T2 capital before regulatory deductions	197
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	(10,880)
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	(10,880) ((11) + (18)) * 45%
56b	Regulatory deductions applied to T2 capital to cover the required deductions falling within §48(1)(g) of BCR	-
57	Total regulatory adjustments to T2 capital	(9,835)
58	T2 capital (T2)	10,032
59	Total regulatory capital ('TC' = T1 + T2)	137,999
60	Total RWA	701,271

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

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

	a	b
		Cross-referenced to Table 3
		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Component of regulatory capital HK\$m	
Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	16.6%
62	T1 capital ratio	18.2%
63	Total capital ratio	19.7%
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	4.358%
65	<i>of which: capital conservation buffer requirement</i>	2.500%
66	<i>of which: bank specific countercyclical capital buffer requirement</i>	0.858%
67	<i>of which: higher loss absorbency requirement</i>	1.000%
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	11.7%
National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable
70	National T1 minimum ratio	Not applicable
71	National Total capital minimum ratio	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	4,100
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	7,046
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable
75	DTAs arising from temporary differences (net of associated deferred tax liabilities)	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 approach ('BSC'), or the Standardised (credit risk) approach ('STC') 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)	197
77	Cap on inclusion of provisions in T2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	684
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	3,397
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 capital instruments subject to phase-out arrangements	Not applicable
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable
82	Current cap on AT1 capital instruments subject to phase-out arrangements	-
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 capital instruments subject to phase-out arrangements	-
85	Amount excluded from T2 capital due to cap (excess over cap after redemptions and maturities)	-

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

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

Notes to the template:

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

	Hong Kong basis	Basel III basis
As at 30 Jun 2024	HK\$m	HK\$m
10 DTAs (net of associated deferred tax liabilities)	407	15

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 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 mentioned above 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 decreased by 1.7 p.p. compared with the position at December 2023. It is a combined effect of a decrease in total capital and an increase in total RWA.

The decrease in total capital of HK\$6.2bn was mainly driven by:

- a decrease of HK\$3.0bn due to share buy-back programme; and
- an increase of HK\$3.9bn 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\$1.0bn from profits for the first half of 2024, net of dividends distributed (HK\$8.4bn) and AT1 coupons paid.

Total RWA increased by HK\$27.0bn, in which credit risk RWA increased by HK\$25.4bn which was mainly driven by unfavorable credit rating migration.

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 2024		a	c	d	e
Geographical breakdown by Jurisdiction ('J')	Footnotes	Applicable JCCyB ratio in effect %	RWA used in	AI-specific CCyB ratio %	CCyB amount HK\$m
			computation of CCyB ratio HK\$m		
The Hong Kong Special Administrative Region of the People's Republic of					
1	China (Hong Kong SAR)	1	1.000	484,525	
2	Australia		1.000	83	
3	Chile		0.500	1	
4	France		1.000	110	
5	Germany		0.750	5	
6	Ireland		1.500	20	
7	Netherlands		2.000	85	
8	Norway		2.500	2	
9	South Korea		1.000	8	
10	Sweden		2.000	189	
11	United Kingdom		2.000	1,724	
Sum		2		486,752	
Total		3		569,732	0.858
					6,017

1 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 June 2024.

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 bank 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 multiplied by the AI-specific CCyB ratio in column (d).

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 2024 HK\$m	31 Mar 2024 HK\$m
On-balance sheet exposures		
1 On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	1,484,512	1,447,031
2 Less: Asset amounts deducted in determining T1 capital	(33,422)	(28,576)
3 Total on-balance sheet exposures (excluding derivative contracts and SFTs)	1,451,090	1,418,455
Exposures arising from derivative contracts		
4 Replacement cost ('RC') associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	12,532	11,375
5 Add-on amounts for Potential future exposure ('PFE') associated with all derivative contracts	26,918	24,302
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	39,450	35,677
Exposures arising from SFTs		
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	27,786	28,424
13 Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14 CCR exposure for SFT assets	214	488
15 Agent transaction exposures	-	-
16 Total exposures arising from SFTs	28,000	28,912
Other off-balance sheet ('OBS') exposures		
17 OBS exposure at gross notional amount	508,910	536,102
18 Less: Adjustments for conversion to credit equivalent amounts	(436,695)	(459,398)
19 OBS items	72,215	76,704
Capital and total exposures		
20 T1 capital	127,967	132,301
20a Total exposures before adjustments for specific and collective provisions	1,590,755	1,559,748
20b Adjustments for specific and collective provisions	(15,468)	(15,045)
21 Total exposures after adjustments for specific and collective provisions	1,575,287	1,544,703
LR		
22 LR (%) ¹	8.1%	8.6%

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

Leverage ratio decreased by 0.5 p.p. in the second quarter of 2024. Total exposures increased by HK\$30.6bn mainly from loan to customers and T1 capital decreased by HK\$4.3bn.

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

As at 30 Jun 2024	a
Item	Value under the LR framework HK\$m
1 Total consolidated assets as per published financial statements	1,708,453
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(185,048)
2a Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a Adjustments for eligible cash pooling transactions	-
4 Adjustments for derivative contracts	22,378
5 Adjustment for SFTs (i.e. repos and similar secured lending)	214
6 Adjustment for OBS items (i.e. conversion to credit equivalent amounts of OBS exposures)	72,215
6a Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(15,628)
7 Other adjustments	(27,297)
8 LR exposure measure	1,575,287

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 ¹		Minimum ² capital requirements
	30 Jun 2024 HK\$m	31 Mar 2024 HK\$m	30 Jun 2024 HK\$m
1 Credit risk for non-securitisation exposures	544,074	527,569	45,892
2 Of which: STC approach	51,439	50,989	4,115
2a Of which: BSC approach	-	-	-
3 Of which: Foundation IRB approach	-	-	-
4 Of which: Supervisory slotting criteria approach	43,789	54,508	3,713
5 Of which: Advanced IRB approach	448,846	422,072	38,064
6 Counterparty default risk and default fund contributions	10,432	8,793	868
7 Of which: SA-CCR approach	10,040	8,433	836
7a Of which: Current exposure method ('CEM')	-	-	-
8 Of which: Internal models (counterparty credit risk) approach ('IMM(CCR)')	-	-	-
9 Of which: Others	392	360	32
10 Credit valuation adjustment ('CVA') risk	9,890	9,340	791
11 Equity positions in banking book under the simple risk-weight method and internal models method	16,409	16,322	1,391
12 CIS exposures – LTA	555	558	47
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	18,001	18,630	1,440
21 Of which: STM approach	292	299	23
22 Of which: IMM approach	17,709	18,331	1,417
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	65,542	63,285	5,243
24a Sovereign concentration risk	-	-	-
25 Amounts below the thresholds for deduction (subject to 250% Risk-weight ('RW'))	17,616	17,653	1,494
26 Capital floor adjustment	-	-	-
26a Deduction to RWA	(13,297)	(13,394)	(1,064)
26b Of which: Portion of regulatory reserve for general banking risks and collective provisions which is not included in 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	(13,297)	(13,394)	(1,064)
27 Total	669,222	648,756	56,102

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 Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, 'Not applicable' is reported in the rows.

Total RWA increased by HK\$20.5bn in the second quarter of 2024. The key driver was credit RWA where the change came from below exposures:

Credit risk for non-securitisation exposures

RWA increased by HK\$16.5bn due to the increase in corporate lending.

Counterparty default risk and default fund contributions, and CVA risk

RWA increased by HK\$2.2bn mainly due to the increase in foreign exchange contracts exposures.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

RWA flow statements

RWA flow statement for credit risk

Table 9: CR8 – RWA flow statement of credit risk¹ exposures under IRB approach

	a
	Amount HK\$m
1 RWA as at end of previous reporting period (31 Mar 2024)	476,580
2 Asset size	16,090
3 Asset quality	1,491
4 Model updates	-
5 Methodology and policy	-
6 Acquisitions and disposals	-
7 Foreign exchange movements	(265)
8 Other	(1,261)
9 RWA as at end of reporting period (30 Jun 2024)	492,635

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

RWA increased by HK\$16.1bn in the second quarter of 2024. This was from the increase in asset size mainly due to higher corporate lending.

RWA flow statement for market risk

Table 10: 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 (31 Mar 2024)	5,174	13,157	-	-	-	18,331
2 Movement in risk levels	196	(780)	-	-	-	(584)
3 Model updates/changes	-	-	-	-	-	-
4 Methodology and policy	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-
6 Foreign exchange movements	(11)	(27)	-	-	-	(38)
7 Other	-	-	-	-	-	-
8 RWA as at end of reporting period (30 Jun 2024)	5,359	12,350	-	-	-	17,709

The decrease in market risk RWA in the second quarter of 2024 was from movement in risk levels driven by Onshore Chinese Yuan (‘CNY’) interest rate trading positions.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Loss-absorbing Capacity

Table 11: KM2(A) – Key metrics – LAC requirements for material subsidiaries

	a	b	c	d	e
	At				
	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun
	2024	2024	2023	2023	2023
Of the material entity at LAC consolidation group level					
1 Internal loss-absorbing capacity available (HK\$m)	165,490	169,983	171,724	168,177	166,788
2 RWA under the LAC Rules (HK\$m)	701,271	679,785	674,269	677,322	696,197
3 Internal LAC risk-weighted ratio (%)	23.6	25.0	25.5	24.8	24.0
4 Exposure measure under the LAC Rules (HK\$m)	1,574,242	1,543,658	1,567,913	1,545,029	1,575,852
5 Internal LAC leverage ratio (%)	10.5	11.0	11.0	10.9	10.6
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	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	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	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 risk-weighted ratio decreased by 1.4 p.p. in the second quarter of 2024. It is a combined effect of a decrease in LAC contributed by regulatory capital and an increase in total RWA.

Internal LAC leverage ratio decreased by 0.5 p.p. in the second quarter of 2024. It is a combined effect of a decrease in LAC contributed by regulatory capital and an increase in total exposures.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 12: TLAC1(A) – TLAC composition

As at 30 Jun 2024	a
	Amount
Regulatory capital elements of internal loss-absorbing capacity and adjustments (HK\$m)	
1 CET1 capital	116,236
2 AT1 capital before LAC adjustments	11,731
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	11,731
6 T2 capital before LAC adjustments	10,032
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	10,032
11 Internal loss-absorbing capacity arising from regulatory capital	137,999
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	27,491
17 Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments	27,491
Non-regulatory capital elements of internal loss-absorbing capacity: adjustments (HK\$m)	
18 Internal loss-absorbing capacity before deductions	165,490
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	165,490
RWA and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes (HK\$m)	
23 RWA under the LAC Rules	701,271
24 Exposure measure under the LAC Rules	1,574,242
Internal LAC ratios and buffers (%)	
25 Internal LAC risk-weighted ratio	23.6
26 Internal LAC leverage ratio	10.5
27 CET1 capital (as a percentage of RWA under the BCR) available after meeting the LAC consolidation group's minimum capital and LAC requirements	10.1
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)	4.358
29 <i>Of which: capital conservation buffer requirement</i>	2.500
30 <i>Of which: institution-specific countercyclical capital buffer requirement</i>	0.858
31 <i>Of which: higher loss absorbency requirement</i>	1.000

Internal LAC risk-weighted ratio decreased by 1.9 p.p. in the first half of 2024. It is a combined effect of a decrease in LAC contributed by regulatory capital and an increase in total RWA.

Internal LAC leverage ratio decreased by 0.5 p.p. in the first half of 2024, mainly due to a decrease in LAC contributed by regulatory capital.

BANKING DISCLOSURE STATEMENT *(unaudited) (continued)*

Table 13: TLAC2 – Hang Seng Bank Limited creditor ranking

	Creditor ranking (HK\$m)				Sum of values in columns 1 to 3
	1 (most junior)	1 (most junior)	2 (most senior)	3	
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 ²	Ordinary shares ²	AT1 instruments	LAC loans	
3 Total capital and liabilities net of credit risk mitigation ('CRM')	3,569	6,089	11,731	27,503	48,892
4 Subset of row 3 that is excluded liabilities	-	-	-	-	-
5 Total capital and liabilities less excluded liabilities	3,569	6,089	11,731	27,503	48,892
6 Subset of row 5 that are eligible as internal loss-absorbing capacity	3,569	6,089	11,731	27,503	48,892
7 Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	6,240	6,240
8 Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	18,140	18,140
9 Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	-	3,123	3,123
10 Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-
11 Subset of row 6 that is perpetual securities	3,569	6,089	11,731	-	21,389

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

2 Excludes the value of reserves attributable to ordinary shareholders.

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 14: 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 2024		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
	<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 14: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		b	c
As at 30 Jun 2024		Quantitative / qualitative information	
		Perpetual subordinated loan (US\$ 900 million)	Perpetual subordinated loan (US\$ 600 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\$ 7,044 million	HK\$ 4,687 million
8a	Amount recognised in loss-absorbing capacity	HK\$ 7,044 million	HK\$ 4,687 million
9	Par value of instrument	US\$ 900 million	US\$ 600 million
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	14 June 2019	18 June 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	17 September 2024 at par value	18 June 2029 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 17 September 2024 and thereafter floating	Fixed until 18 June 2029 and thereafter floating
18	Coupon rate and any related index	6.030% until 17 September 2024, and thereafter 3-month US\$ LIBOR + 4.020%	7.500% until 18 June 2029, and thereafter compounded SOFR + 3.24%
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 agreement⁴	Individual loan agreement⁶

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 14: 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 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 14: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

As at 30 Jun 2024		c	d
		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\$ 3,123 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 14: CCA(A) – Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		e	f
As at 30 Jun 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\$ 4,993 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)

Credit Risk

Credit quality of assets

Tables 15 to 16 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 and STC exposures, refer to Tables 23 to 24 and 26 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 15: CR1 – Credit quality of exposures

	a	b	c	d	e	f	g
	Gross carrying amounts of			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 approach exposures	Net values (a + b - c)
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
As at 30 Jun 2024	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1 Loans	46,032	917,462	15,271	638	155	14,478	948,223
2 Debt securities	65	407,195	30	-	-	30	407,230
3 OBS exposures	7	508,903	167	-	4	163	508,743
4 Total	46,104	1,833,560	15,468	638	159	14,671	1,864,196

¹ The categorisation of ECL accounting provisions into regulatory category of specific and collective provisions follows the treatment specified in the completion instruction of the HKMA 'Capital Adequacy Ratio – (MA(BS)3)' 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 expected credit losses will be recognised in the profit and loss account as an impairment gain or loss, are treated as specific provisions.

Table 16: 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 2023)	24,798
2 Loans and debt securities that have defaulted since the last reporting period	24,103
3 Returned to non-defaulted status	(38)
4 Amounts written off	(1,069)
5 Other changes	¹ (1,697)
6 Defaulted loans and debt securities at end of the current reporting period (30 Jun 2024)	46,097

¹ Other changes included repayments and foreign exchange movements.

The increase in defaulted loans and debt securities in the first half of 2024 was from customer risk rating downgrades in the Hong Kong commercial real estate exposures, partly offset by the repayments and write-offs of defaulted loans during the period.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Impaired loans and advances to customers are those loans and advances where objective evidence exists that full repayment of principal or interest is considered unlikely. Specific provisions are made after taking into account the value of collateral, in respect of such loans and advances. 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 internal categories and definitions used by the Group is as follows:

Table 17: Credit-impaired exposures and impairment allowances by industry

As at 30 Jun 2024	Footnotes	Gross loans and advances to customers ¹	Gross credit-impaired loans and advances	Specific provisions ²	Collective provisions ²	Overdue loans and advances ³
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Residential mortgages		324,454	746	(23)	(9)	645
Real estate and construction		198,582	30,049	(7,909)	(1,372)	11,441
Others	4	341,838	15,237	(3,717)	(2,228)	8,748
Total		864,874	46,032	(11,649)	(3,609)	20,834

- 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 19 which is prepared on accounting consolidation basis. The difference of total gross loans of HK\$15m 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 – (MA(BS)3)' return. Details can be found in footnote 1 under table 15 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 2024.
- 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 18: Credit-impaired exposures and impairment allowances by geographical location

As at 30 Jun 2024	Footnotes	Gross loans and advances to customers ¹	Gross credit-impaired loans and advances	Specific provisions ²	Collective provisions ²	Overdue loans and advances ³
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Hong Kong SAR		796,890	43,299	(10,939)	(3,137)	19,910
Mainland China		56,820	1,859	(696)	(468)	924
Others	4	11,164	874	(14)	(4)	-
Total		864,874	46,032	(11,649)	(3,609)	20,834

- 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 19 which is prepared on accounting consolidation basis. The difference of total gross loans of HK\$15m 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 – (MA(BS)3)' return. Details can be found in footnote 1 under table 15 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 2024.
- 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'.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Loans and advances to customers

Tables 19 to 21 analyse the 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.

Table 19: Gross loans and advances to customers by geographical location

As at 30 Jun 2024	Footnote	Hong Kong SAR HK\$m	Mainland China HK\$m	Others HK\$m	Total HK\$m
Gross loans and advances to customers	1,2	771,003	73,235	20,621	864,859

- The balances include gross credit impaired loans and advances to customers of HK\$43,289m in Hong Kong, HK\$1,328m in Mainland China and HK\$1,415m in Others.
- 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 17 and 18 which are prepared under the regulatory consolidation scope. The difference of total gross loans of HK\$15m represents the Bank's loans and advances to the Group's subsidiaries which are outside the regulatory scope of consolidation.

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 - (MA(BS)2A)' return submitted to the HKMA is as follows:

Table 20: Gross loans and advances to customers by industry sector

As at 30 Jun 2024	Gross loans and advances HK\$m	% of gross advances covered by collateral %
Industrial, commercial and financial sectors		
- property development	56,035	50.3%
- property investment	122,689	85.3%
- financial concerns	2,909	14.6%
- stockbrokers	-	-
- wholesale and retail trade	21,250	48.5%
- manufacturing	24,938	21.4%
- transport and transport equipment	12,599	61.8%
- recreational activities	231	99.5%
- information technology	11,486	4.1%
- other	68,643	53.3%
Individuals		
- loans and advances for the purchase of flats under the Government Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	44,557	98.4%
- loans and advances for the purchase of other residential properties	262,369	99.4%
- credit card loans and advances	28,940	0.0%
- other	31,077	49.5%
Gross loans and advances for use in Hong Kong	687,723	74.8%
Trade finance	34,314	19.2%
Gross loans and advances for use outside Hong Kong	142,822	28.7%
Gross loans and advances to customers	864,859	65.0%

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 21: Overdue loans and advances to customers

As at 30 Jun 2024	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	3,213	0.37%
- more than six months but not more than one year	3,844	0.44%
- more than one year	13,777	1.59%
Total	20,834	2.40%
of which:		
- specific provisions	(6,956)	
- covered portion of overdue loans and advances	12,293	
- uncovered portion of overdue loans and advances	8,541	
- current market value of collateral held against the covered portion of overdue loans and advances	18,376	
Rescheduled loans and advances to customers	8,510	0.98%

Collateral held with respect to overdue loans and advances is mainly residential properties and commercial properties. The current market value of residential properties and commercial properties were HK\$4,860m and HK\$12,162m 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 2024 was HK\$143m.

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, nor rescheduled other assets as at 30 June 2024.

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 – (MA(BS)3)' return required to be submitted to the HKMA by the Group. The return is prepared on a consolidated basis as specified by the HKMA under the requirement of section 3C(1) of the BCR.

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

Table 22: Off-balance sheet exposures other than derivative transactions

	30 Jun 2024 HK\$m
Contract amounts	
Direct credit substitutes	2,117
Transaction-related contingencies	14,517
Trade-related contingencies	16,627
Forward asset purchases	60
Commitments that are unconditionally cancellable without prior notice	444,259
Commitments which have an original maturity of not more than one year	2,123
Commitments which have an original maturity of more than one year	29,207
Total	508,910
RWA	49,135

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Credit risk under internal ratings-based approach

Table 23.1: CR6 – Credit risk exposures by portfolio and probability of default ('PD') ranges – for IRB approach (Wholesale)

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2024	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 PD	Number of obligors	Average loss given default ('LGD')	Average maturity*	RWA	RWA density	EL	Provisions [^]
PD scale	HK\$m	HK\$m	%	HK\$m	%		%	years	HK\$m	%	HK\$m	HK\$m
Sovereign												
0.00 to < 0.15	367,545	-	-	367,545	0.01	41	29.6	1.32	12,802	3	14	
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	367,545	-	-	367,545	0.01	41	29.6	1.32	12,802	3	14	2
Bank												
0.00 to < 0.15	104,099	1,236	62.7	104,873	0.04	893	42.6	1.22	13,220	13	16	
0.15 to < 0.25	2,850	-	-	2,850	0.22	83	48.3	0.98	1,296	45	3	
0.25 to < 0.50	291	-	-	291	0.37	17	45.0	0.91	165	57	-	
0.50 to < 0.75	343	1	5.0	344	0.63	22	45.5	0.68	238	69	1	
0.75 to < 2.50	78	5	55.0	80	1.20	9	29.2	1.00	48	60	-	
2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	107,661	1,242	62.6	108,438	0.04	1,024	42.8	1.21	14,967	14	20	8
Corporate – small-and-medium sized corporates												
0.00 to < 0.15	1,731	601	20.8	1,856	0.08	37	43.5	2.42	359	19	1	
0.15 to < 0.25	302	2,062	21.6	748	0.22	84	21.3	1.92	137	18	-	
0.25 to < 0.50	2,395	5,817	24.5	3,817	0.37	142	42.6	1.87	1,722	45	6	
0.50 to < 0.75	6,035	2,874	26.4	6,794	0.63	137	24.1	2.10	2,528	37	10	
0.75 to < 2.50	32,699	13,141	27.5	36,317	1.28	688	26.7	2.19	18,762	52	122	
2.50 to < 10.00	6,412	2,635	30.1	7,205	3.91	147	26.5	1.91	4,507	63	76	
10.00 to < 100.00	2,492	324	41.8	2,627	23.46	22	28.9	1.03	2,699	103	222	
100.00 (Default)	4,100	-	-	4,100	100.00	41	32.7	1.43	9,449	230	772	
Sub-total	56,166	27,454	26.6	63,464	8.70	1,298	28.2	2.04	40,163	63	1,209	1,085
Corporate – others												
0.00 to < 0.15	106,600	41,973	31.0	119,726	0.08	392	46.1	1.58	24,517	20	46	
0.15 to < 0.25	30,008	21,605	23.9	35,169	0.22	207	48.1	1.62	14,545	41	37	
0.25 to < 0.50	33,956	21,225	23.8	39,009	0.37	263	45.3	1.76	20,451	52	65	
0.50 to < 0.75	18,897	25,346	23.5	24,845	0.63	307	45.1	1.34	15,833	64	71	
0.75 to < 2.50	70,512	71,392	20.8	85,340	1.38	1,014	38.4	1.55	69,620	82	439	
2.50 to < 10.00	19,413	19,512	17.9	22,899	5.43	360	33.3	1.50	23,742	104	379	
10.00 to < 100.00	9,968	1,631	24.4	10,366	26.39	50	28.6	1.49	12,731	123	748	
100.00 (Default)	30,287	3	23.1	30,161	100.00	174	34.9	1.19	59,523	197	9,678	
Sub-total	319,641	202,687	23.6	367,515	9.74	2,767	42.1	1.54	240,962	66	11,463	11,031

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 23.2: CR6 – Credit risk exposures by portfolio and PD ranges – for IRB approach (Retail)

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2024	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*	RWA	RWA density	EL	Provisions [^]
PD scale	HK\$m	HK\$m	%	HK\$m	%		%	years	HK\$m	%	HK\$m	HK\$m
Retail – qualifying revolving retail exposures ('QRRE')												
0.00 to < 0.15	10,088	169,163	37.6	73,635	0.07	1,828,728	105.7		3,443	5	55	
0.15 to < 0.25	2,103	12,943	46.8	8,159	0.23	182,379	104.7		1,006	12	19	
0.25 to < 0.50	4,171	20,018	36.2	11,418	0.40	209,279	102.6		2,204	19	47	
0.50 to < 0.75	2,186	3,937	56.6	4,413	0.60	55,037	101.7		1,151	26	27	
0.75 to < 2.50	5,923	11,834	37.5	10,355	1.44	89,122	101.0		5,185	50	150	
2.50 to < 10.00	3,618	3,262	68.3	5,845	4.71	49,896	100.7		6,771	116	277	
10.00 to < 100.00	1,470	395	191.1	2,226	34.80	16,419	98.9		4,147	186	742	
100.00 (Default)	103	-	-	103	100.00	1,116	94.1		156	151	85	
Sub-total	29,662	221,552	39.0	116,154	1.24	2,431,976	104.4		24,063	21	1,402	1,092
Retail – residential mortgage exposures												
0.00 to < 0.15	198,647	1,587	100.0	200,234	0.09	52,761	27.7		30,036	15	47	
0.15 to < 0.25	55,868	446	100.0	56,314	0.18	34,601	27.7		8,838	16	28	
0.25 to < 0.50	322	3	100.0	325	0.34	55	22.2		55	17	-	
0.50 to < 0.75	18,948	151	100.0	19,099	0.51	7,424	24.7		4,112	22	24	
0.75 to < 2.50	19,313	154	100.0	19,467	0.97	14,700	23.6		5,686	29	45	
2.50 to < 10.00	6,610	53	100.0	6,663	4.36	4,227	23.2		4,746	71	68	
10.00 to < 100.00	5,380	42	100.0	5,422	23.84	2,888	22.6		7,070	130	292	
100.00 (Default)	776	-	-	776	100.00	303	21.7		1,887	243	17	
Sub-total	305,864	2,436	100.0	308,300	0.95	116,959	27.1		62,430	20	521	6
Retail – small business retail exposures												
0.00 to < 0.15	2,238	10	100.0	2,248	0.07	1,131	9.9		44	2	-	
0.15 to < 0.25	464	2	100.0	466	0.19	122	20.4		37	8	-	
0.25 to < 0.50	185	1	100.0	186	0.50	49	21.7		29	16	-	
0.50 to < 0.75	237	-	-	237	0.54	118	0.9		2	1	-	
0.75 to < 2.50	440	1	100.0	441	1.10	105	37.1		169	38	2	
2.50 to < 10.00	379	-	-	379	5.72	152	11.4		66	17	3	
10.00 to < 100.00	53	-	-	53	37.95	26	14.3		20	38	3	
100.00 (Default)	24	-	-	24	100.00	4	11.0		31	129	-	
Sub-total	4,020	14	100.0	4,034	1.86	1,707	14.3		398	10	8	2
Other retail exposures to individuals												
0.00 to < 0.15	1,662	2,198	10.8	1,899	0.08	18,762	19.6		84	4	-	
0.15 to < 0.25	2,370	2,745	16.3	2,817	0.22	20,760	15.6		182	6	1	
0.25 to < 0.50	4,344	1,191	20.3	4,585	0.33	40,252	96.1		2,439	53	14	
0.50 to < 0.75	1,654	156	42.7	1,721	0.59	7,617	79.5		1,084	63	8	
0.75 to < 2.50	7,502	1,233	30.8	7,882	1.30	27,818	62.6		5,527	70	68	
2.50 to < 10.00	2,798	103	57.6	2,857	4.76	13,519	81.8		3,422	120	111	
10.00 to < 100.00	765	35	66.4	788	19.75	5,353	86.1		1,418	180	143	
100.00 (Default)	55	4	-	55	100.00	510	47.8		84	153	23	
Sub-total	21,150	7,665	19.0	22,604	2.13	134,591	64.4		14,240	63	368	279

Table 23.3: CR6 – Credit risk exposures by portfolio and PD ranges – for IRB approach (Total)

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2024	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*	RWA	RWA density	EL	Provisions [^]
Total (all portfolios)	HK\$m	HK\$m	%	HK\$m	%		%	years	HK\$m	%	HK\$m	HK\$m
Total (all portfolios)	1,211,709	463,050	31.6	1,358,054	3.41	2,690,363	40.4	1.45	410,025	30	15,005	13,505

*The average maturity is relevant to wholesale portfolios only.

[^] 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 and EL increased by HK\$28.2bn and HK\$1.9bn respectively in the first half of 2024 mainly driven by unfavorable credit rating migration.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 24: CR10 – Specialised lending under supervisory slotting criteria approach – Other than high-volatility commercial real estate ('HVCRE')

As at 30 Jun 2024		a	b	c	d(i)	d(ii)	d(iii)	d(iv)	d(v)	e	f
		EAD amount									
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount	OBS exposure amount	Supervisory risk-weight ('SRW')	Project finance ('PF')	Object finance ('OF')	Commo-dities finance ('CF')	Income-producing real estate ('IPRE')	Total	RWA	EL amount
		HK\$m	HK\$m	%	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Strong [^]	Less than 2.5 years	9,212	968	50%	-	-	-	9,605	9,605	4,803	-
Strong	Less than 2.5 years	2,443	863	70%	-	-	-	2,733	2,733	1,913	11
Strong	Equal to or more than 2.5 years	3,639	282	70%	-	-	-	3,736	3,736	2,615	15
Good [^]	Less than 2.5 years	11,705	1,381	70%	-	-	-	12,272	12,272	8,590	49
Good	Less than 2.5 years	2,101	801	90%	-	-	-	2,388	2,388	2,149	19
Good	Equal to or more than 2.5 years	6,850	34	90%	-	-	-	6,857	6,857	6,171	55
Satisfactory		8,466	375	115%	-	-	-	8,622	8,622	9,916	241
Weak		3,034	55	250%	-	-	-	3,053	3,053	7,632	244
Default		8,370	-	0%	-	-	-	8,370	8,370	-	4,185
Total		55,820	4,759		-	-	-	57,636	57,636	43,789	4,819

[^] Use of preferential risk-weights.

Compared with the position as at 31 December 2023, on-balance sheet exposure and EL on default exposures of specialised lending under supervisory slotting criteria approach increased by HK\$7.5bn and HK\$3.8bn respectively as a result of credit migration.

Table 25: CR10 – Equity exposures under the simple risk-weight method

As at 30 Jun 2024	a	b	c	d	e
Categories	On-balance sheet exposure amount	OBS exposure amount	SRW	EAD amount	RWA
	HK\$m	HK\$m	%	HK\$m	HK\$m
Publicly traded equity exposures	3	-	300%	3	9
All other equity exposures	4,100	-	400%	4,100	16,400
Total	4,103	-		4,103	16,409

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

	a	b	c	d	e	f	g	h	ha	i	j
	Total credit risk exposures amount (post CCF and post CRM)										
As at 30 Jun 2024											
Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
Exposure class	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	2,215	-	-	-	-	-	-	-	-	-	2,215
2 Public sector entity ('PSE') exposures	16,364	-	10,461	-	292	-	-	-	-	-	27,117
2a <i>Of which: Domestic PSEs</i>	-	-	9,537	-	-	-	-	-	-	-	9,537
2b <i>Of which: Foreign PSEs</i>	16,364	-	924	-	292	-	-	-	-	-	17,580
3 Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4 Bank exposures	-	-	115	-	-	-	-	-	-	-	115
5 Securities firm exposures	-	-	-	-	1	-	-	-	-	-	1
6 Corporate exposures	-	-	1,229	-	1,539	-	29,050	-	-	-	31,818
7 CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8 Cash items	-	-	-	-	-	-	-	-	-	-	-
9 Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10 Regulatory retail exposures	-	-	-	-	-	5,097	-	-	-	-	5,097
11 Residential mortgage loans	-	-	-	18,487	-	1,032	1,346	-	-	-	20,865
12 Other exposures which are not past due exposures	-	-	-	-	-	-	4,469	-	-	-	4,469
13 Past due exposures	14	-	-	-	-	-	1,301	616	-	-	1,931
14 Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15 Total	18,593	-	11,805	18,487	1,832	6,129	36,166	616	-	-	93,628

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Credit risk mitigation

Table 27: CR3 – Overview of recognised credit risk mitigation

	a	b1	b	d	f
	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 2024					
1 Loans	353,329	594,894	480,193	114,701	-
2 Debt securities	406,017	1,213	-	1,213	-
3 Total	759,346	596,107	480,193	115,914	-
4 <i>of which: Defaulted</i>	<i>15,897</i>	<i>18,551</i>	<i>17,839</i>	<i>712</i>	-

Table 28: 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 2024		
1 Corporate – Specialised lending under supervisory slotting criteria approach (PF)	-	-
2 Corporate – Specialised lending under supervisory slotting criteria approach (OF)	-	-
3 Corporate – Specialised lending under supervisory slotting criteria approach (CF)	-	-
4 Corporate – Specialised lending under supervisory slotting criteria approach (IPRE)	43,789	43,789
5 Corporate – Specialised lending (HVCRE)	-	-
6 Corporate – Small-and-medium sized corporates	40,163	40,163
7 Corporate – Other corporates	240,962	240,962
8 Sovereigns	10,672	10,672
9 Sovereign foreign PSEs	-	-
10 Multilateral development banks	2,130	2,130
11 Bank exposures – Banks	14,666	14,666
12 Bank exposures – Securities firms	301	301
13 Bank exposures – PSEs (excluding sovereign foreign PSEs)	-	-
14 Retail – Small business retail exposures	398	398
15 Retail – Residential mortgages to individuals	61,882	61,882
16 Retail – Residential mortgages to property-holding shell companies	548	548
17 Retail – QRRE	24,063	24,063
18 Retail – Other retail exposures to individuals	14,240	14,240
19 Equity – Equity exposures under market-based approach (simple risk-weight method)	16,409	16,409
20 Equity – Equity exposures under market-based approach (internal models method)	-	-
21 Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment)	-	-
22 Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment)	-	-
23 Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures)	-	-
24 Equity – Equity exposures under PD/LGD approach (other equity exposures)	-	-
25 Equity – Equity exposures associated with equity investments in funds (CIS exposures)	555	555
26 Other – Cash items	10	10
27 Other – Other items	38,811	38,811
28 Total (under the IRB calculation approaches)	509,599	509,599

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

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 29: 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		RWA and RWA density	
As at 30 Jun 2024	On-balance sheet amount	OBS amount	On-balance sheet amount	OBS amount	RWA	RWA density
Exposure classes	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	%
1 Sovereign exposures	-	-	1,631	584	-	0
2 PSE exposures	26,665	1,145	26,570	547	2,239	8
2a <i>Of which: Domestic PSEs</i>	8,990	1,145	8,990	547	1,908	20
2b <i>Of which: Foreign PSEs</i>	17,675	-	17,580	-	331	2
3 Multilateral development bank exposures	-	-	-	-	-	-
4 Bank exposures	115	-	115	-	24	20
5 Securities firm exposures	1	-	1	-	-	50
6 Corporate exposures	34,407	22,157	30,282	1,536	30,066	94
7 CIS exposures	-	-	-	-	-	-
8 Cash items	-	-	-	-	-	-
9 Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-
10 Regulatory retail exposures	5,746	11,524	5,091	6	3,824	75
11 Residential mortgage loans	20,977	1,917	20,864	1	8,590	41
12 Other exposures which are not past due exposures	9,683	4,298	4,372	97	4,468	100
13 Past due exposures	1,931	-	1,931	-	2,228	115
14 Significant exposures to commercial entities	-	-	-	-	-	-
15 Total	99,525	41,041	90,857	2,771	51,439	55

Remark:

Exposure pre-CCF and pre-CRM is 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).

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Counterparty credit risk exposures

Counterparty default risk exposures

CCR arises from derivatives and SFTs. It is calculated in both the trading and non-trading books, and is the risk that a counterparty may default before settlement of the transaction. An economic loss occurs if the transaction or portfolio of transactions with the counterparty has a positive economic value at the time of default. CCR is generated primarily in our wholesale global businesses.

Table 30: CCR1 – Analysis of counterparty default risk exposures (other than those to CCPs) by approaches

	a	b	c	d	e	f
	RC	PFE	Effective expected positive exposure ('EPE')	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
As at 30 Jun 2024	HK\$m	HK\$m	HK\$m		HK\$m	HK\$m
1 SA-CCR approach (for derivative contracts)	7,284	15,808		1.4	32,328	10,040
1a CEM (for derivative contracts)	-	-		N/A	-	-
2 IMM (CCR) approach			-	-	-	-
3 Simple approach (for SFTs)					-	-
4 Comprehensive approach (for SFTs)					1,646	211
5 VaR for SFTs					-	-
6 Total						10,251

CCR RWA increased by HK\$4.2bn in the first half of 2024. It was mainly due to the increase in foreign exchange contract exposures which was also the driver for the increase in CVA RWA shown in table 31.

Table 31: CCR2 – CVA capital charge

	a	b
	EAD post-CRM	RWA
As at 30 Jun 2024	HK\$m	HK\$m
Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1 (i) VaR (after application of multiplication factor if applicable)		-
2 (ii) SVaR (after application of multiplication factor if applicable)		-
3 Netting sets for which CVA capital charge is calculated by the standardised CVA method	32,328	9,890
4 Total	32,328	9,890

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 32: CCR5 – Composition of collateral for counterparty default 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 2024	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1 Cash – domestic currency	-	25	-	187	13,284	2,311
2 Cash – other currencies	-	3,036	-	587	7,247	25,475
3 Domestic sovereign debt	139	-	-	-	986	13,977
4 Other sovereign debt	222	-	-	-	5,331	7,555
5 Government agency debt	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	19,109	-
7 Equity securities	-	-	-	-	-	-
8 Other collateral	20	-	-	-	3,740	2,025
9 Total	381	3,061	-	774	49,697	51,343

Table 33: CCR8 – Exposures to CCPs

	a	b
	Exposure after	
	CRM	RWA
	HK\$m	HK\$m
As at 30 Jun 2024		
1 Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		181
2 Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	4,422	172
3 (i) <i>Over-the-counter ('OTC') derivative transactions</i>	4,422	172
4 (ii) <i>Exchange-traded derivative contracts</i>	-	-
5 (iii) <i>SFTs</i>	-	-
6 (iv) <i>Netting sets subject to valid cross-product netting agreements</i>	-	-
7 Segregated initial margin	-	-
8 Unsegregated initial margin	181	7
9 Funded default fund contributions	111	2
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) <i>OTC derivative transactions</i>	-	-
14 (ii) <i>Exchange-traded derivative contracts</i>	-	-
15 (iii) <i>SFTs</i>	-	-
16 (iv) <i>Netting sets subject to valid cross-product netting agreements</i>	-	-
17 Segregated initial margin	-	-
18 Unsegregated initial margin	-	-
19 Funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

BANKING DISCLOSURE STATEMENT (unaudited) (continued)
Counterparty default risk under internal ratings-based approach

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

	a	b	c	d	e	f	g
As at 30 Jun 2024	EAD post- CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
PD scale	HK\$m	%		%	years	HK\$m	%
Sovereign							
0.00 to < 0.15	22	0.02	2	34.1	0.69	1	4
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	22	0.02	2	34.1	0.69	1	4
Bank							
0.00 to < 0.15	21,661	0.05	96	31.7	2.26	3,220	15
0.15 to < 0.25	507	0.22	13	45.0	0.61	188	37
0.25 to < 0.50	384	0.37	5	45.0	0.98	222	58
0.50 to < 0.75	20	0.63	1	45.0	1.00	16	77
0.75 to < 2.50	-	-	-	-	-	-	-
2.50 to < 10.00	-	-	-	-	-	-	-
10.00 to < 100.00	-	-	-	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-
Sub-total	22,572	0.06	115	32.2	2.20	3,646	16
Corporates							
0.00 to < 0.15	1,897	0.07	29	36.8	1.22	324	17
0.15 to < 0.25	723	0.22	16	59.2	1.01	320	44
0.25 to < 0.50	121	0.37	10	49.8	2.01	73	60
0.50 to < 0.75	1,231	0.63	16	59.4	1.10	982	80
0.75 to < 2.50	779	1.42	44	57.1	1.15	828	106
2.50 to < 10.00	448	5.05	21	55.5	1.63	757	169
10.00 to < 100.00	-	-	-	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-
Sub-total	5,199	0.86	136	50.2	1.20	3,284	63
Retail							
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	-	-	-	-	-	-	-
Total (sum of all portfolios)	27,793	0.21	253	35.6	2.01	6,931	25

Note:

Details on the scope of models and percentage of RWA covered by models for each of the regulatory portfolios can be found in the 'Credit risk under internal ratings-based approach' section of this document.

The Group has not used IMM(CCR) approach to calculate its default risk exposures.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)
Counterparty default risk under standardised approach

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

As at 30 Jun 2024		a	b	c	ca	d	e	f	g	ga	h	i
Risk weight		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
Exposure class		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	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	217	-	5,316	-	-	-	-	-	5,533
2a	<i>Of which: Domestic PSEs</i>	-	-	217	-	-	-	-	-	-	-	217
2b	<i>Of which: Foreign PSEs</i>	-	-	-	-	5,316	-	-	-	-	-	5,316
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	-	-	-	-	-	-	-	-	-
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	367	-	-	-	367
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	110	-	-	-	-	110
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	165	-	-	-	165
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	217	-	5,316	110	532	-	-	-	6,175

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Market risk

Using the standard templates as specified by the HKMA, the following tables provide detailed information relating to market risk under STM and IMM approaches.

Market risk under standardised approach

Table 36: MR1 – Market risk under STM approach

	a
	RWA HK\$m
As at 30 Jun 2024	
Outright product exposures	
1 Interest rate exposures (general and specific risk)	253
2 Equity exposures (general and specific risk)	36
3 Foreign exchange (including gold) exposures	-
4 Commodity exposures	3
Option exposures	
5 Simplified approach	-
6 Delta-plus approach	-
7 Other approach	-
8 Securitisation exposures	-
9 Total	292

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

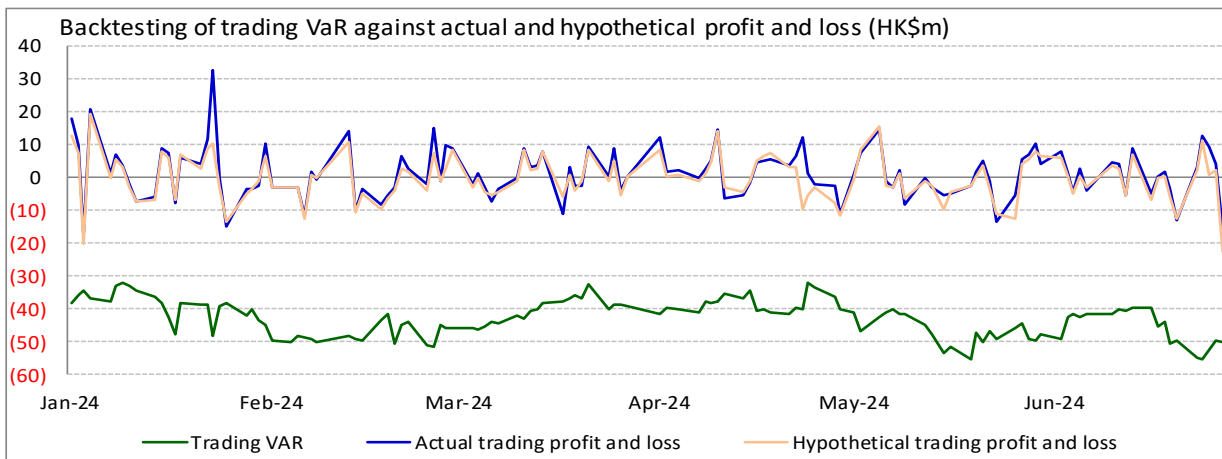
Analysis of VaR, stressed VaR and incremental risk charge measures

Table 37: MR3 – IMM approach values for market risk exposures

	a
	Value HK\$m
As at 30 Jun 2024	
VaR (10 days – one-tailed 99% confidence interval)	
1 Maximum Value	175
2 Average Value	136
3 Minimum Value	100
4 Period End	162
Stressed VaR (10 days – one-tailed 99% confidence interval)	
5 Maximum Value	283
6 Average Value	239
7 Minimum Value	195
8 Period End	272
IRC (99.9% confidence interval)	
9 Maximum value	-
10 Average value	-
11 Minimum value	-
12 Period end	-
CRC (99.9% confidence interval)	
13 Maximum value	-
14 Average value	-
15 Minimum value	-
16 Period end	-
17 Floor	-

Trading VaR and Stressed VaR at 30 June 2024 were higher than 31 December 2023 mainly driven by change in interest rate risk exposures.

Table 38: MR4 – Comparison of VaR estimates with gains or losses



In the first half of 2024, the Group did not have any loss exception against actual profit and loss and hypothetical profit and loss.

The backtesting process applies only to regulatory trading book positions. The actual profit and loss excludes reserves arising from regulatory banking book positions as well as fee and commission which are non-modelled items.

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

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 39: Average liquidity coverage ratio

	Quarter ended
	30 Jun
	2024
	%
Average LCR	277.2

The average LCR was 277.2% for the quarter ended 30 June 2024. The liquidity position of the Group remained strong and above the statutory requirement of 100%.

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.

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

Table 40: Total weighted amount of high quality liquid assets

	Weighted amount
	(average) for
	the quarter ended
	30 Jun
	2024
	HK\$m
Level 1 assets	393,516
Level 2A assets	10,125
Level 2B assets	3,544
Total weighted amount of HQLA	407,185

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

Table 41: Net stable funding ratio

	Quarter ended
	30 Jun
	2024
	%
NSFR	168.2

The funding position of the Group remained healthy and stayed well above the minimum statutory requirement for the first half of 2024. The period end NSFR were 168.2% and 171.7% for the quarters ended 30 June and 31 March 2024 respectively.

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. The 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 2024 was 73.

Table 42: LIQ1 – Liquidity coverage ratio – for category 1 institution

		Quarter ended 30 Jun 2024 (73 data points)	
		a	b
Basis of disclosure: consolidated		Unweighted value (average) HK\$m	Weighted value (average) (average) HK\$m
A	High quality liquid assets		
1	Total HQLA		407,185
B	Cash outflows		
2	Retail deposits and small business funding, of which:	903,251	76,187
3	Stable retail deposits and stable small business funding	201,967	6,059
4	Less stable retail deposits and less stable small business funding	701,284	70,128
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 institution, of which:	201,873	92,044
6	Operational deposits	22,615	5,080
7	Unsecured wholesale funding (other than small business funding) not covered in Row 6	177,080	84,786
8	Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period	2,178	2,178
9	Secured funding transactions (including securities swap transactions)		-
10	Additional requirements, of which:	147,225	18,909
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	3,687	3,687
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	1,731	1,731
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	141,807	13,491
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	25,384	25,384
15	Other contingent funding obligations (whether contractual or non-contractual)	390,209	2,224
16	Total cash outflows		214,748
C	Cash inflows		
17	Secured lending transactions (including securities swap transactions)	14,326	9,599
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	82,215	43,142
19	Other cash inflows	26,253	13,832
20	Total cash inflows	122,794	66,573
D	LCR (adjusted value)		
21	Total HQLA		407,185
22	Total net cash outflows		148,175
23	LCR (%)		277.2%

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 43: LIQ2 – Net stable funding ratio – for category 1 institution

		Quarter ended 30 Jun 2024					
		Unweighted value by residual maturity					
Basis of disclosure: consolidated		No specified	< 6 months	6 months to	12 months	Weighted	
		term to	or repayable	< 12 months	or more	amount	
		maturity	on demand	HK\$m	HK\$m	HK\$m	
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
		Footnote					
A. ASF item							
1	Capital:						
		165,207	-	-	-	165,207	
2	Regulatory capital	165,207	-	-	-	165,207	
2a	Minority interests not covered by row 2	-	-	-	-	-	
3	Other capital instruments	-	-	-	-	-	
4	Retail deposits and small business funding:	-	917,971	-	-	836,154	
5	Stable deposits	-	199,623	-	-	189,641	
6	Less stable deposits	-	718,348	-	-	646,513	
7	Wholesale funding:	-	315,758	10,520	274	138,385	
8	Operational deposits	-	23,909	-	-	11,955	
9	Other wholesale funding	-	291,849	10,520	274	126,430	
10	Liabilities with matching interdependent assets	-	-	-	-	-	
11	Other liabilities:	42,758	22,323	10,565	26,865	32,147	
12	Net derivative liabilities	-	-	-	-	-	
13	All other funding and liabilities not included in the above categories	42,758	22,323	10,565	26,865	32,147	
14	Total ASF	-	-	-	-	1,171,893	
B. RSF item							
15	Total HQLA for NSFR purposes	1	400,890	-	-	11,345	
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	
17	Performing loans and securities:	39,614	286,585	101,238	560,376	583,286	
18	Performing loans to financial institutions secured by Level 1 HQLA	-	6,484	-	-	1,356	
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1	99,817	6,060	8,141	26,145	
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:	36,423	159,773	78,487	192,741	313,770	
21	With a risk-weight of less than or equal to 35% under the STC approach	35	1,765	751	715	1,745	
22	Performing residential mortgages, of which:	-	7,175	7,198	327,052	224,700	
23	With a risk-weight of less than or equal to 35% under the STC approach	-	6,561	6,535	302,402	203,110	
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	3,190	13,336	9,493	32,442	17,315	
25	Assets with matching interdependent liabilities	-	-	-	-	-	
26	Other assets:	105,178	7,283	21	1,045	95,488	
27	Physical traded commodities, including gold	6,337	-	-	-	5,386	
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	1,931	-	-	-	1,642	
29	Net derivative assets	555	-	-	-	555	
30	Total derivative liabilities before adjustments for deduction of variation margin posted	3,483	-	-	-	174	
31	All other assets not included in the above categories	92,872	7,283	21	1,045	87,731	
32	OBS items	1	-	507,996	-	6,664	
33	Total RSF	-	-	-	-	696,783	
34	NSFR (%)	-	-	-	-	168.2%	

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Table 43: LIQ2 – Net stable funding ratio – for category 1 institution (continued)

Basis of disclosure: consolidated		Quarter ended 31 Mar 2024					Weighted amount HK\$m
		Unweighted value by residual maturity					
		No specified term to maturity HK\$m	< 6 months or repayable on demand HK\$m	6 months to < 12 months HK\$m	12 months or more HK\$m		
	Footnote						
A. ASF item							
1	Capital:		166,574	-	-	-	166,574
2	Regulatory capital		166,574	-	-	-	166,574
2a	Minority interests not covered by row 2		-	-	-	-	-
3	Other capital instruments		-	-	-	-	-
4	Retail deposits and small business funding:		-	905,023	-	-	824,618
5	Stable deposits			201,941	-	-	191,844
6	Less stable deposits			703,082	-	-	632,774
7	Wholesale funding:		-	291,724	10,066	266	126,550
8	Operational deposits			24,573	-	-	12,286
9	Other wholesale funding		-	267,151	10,066	266	114,264
10	Liabilities with matching interdependent assets		-	-	-	-	-
11	Other liabilities:		43,305	22,391	5,988	30,853	33,847
12	Net derivative liabilities		136				
13	All other funding and liabilities not included in the above categories		43,169	22,391	5,988	30,853	33,847
14	Total ASF						1,151,589
B. RSF item							
15	Total HQLA for NSFR purposes	1		400,977			10,350
16	Deposits held at other financial institutions for operational purposes		-	-	-	-	-
17	Performing loans and securities:		38,794	275,134	93,365	564,583	574,477
18	Performing loans to financial institutions secured by Level 1 HQLA		-	6,347	-	-	635
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1	90,626	3,833	10,204		25,715
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:		35,818	152,759	74,071	190,555	305,542
21	With a risk-weight of less than or equal to 35% under the STC approach		32	354	70	1,419	1,155
22	Performing residential mortgages, of which:		-	8,341	7,246	330,985	227,832
23	With a risk-weight of less than or equal to 35% under the STC approach		-	6,650	6,566	306,494	205,829
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		2,975	17,061	8,215	32,839	14,753
25	Assets with matching interdependent liabilities		-	-	-	-	-
26	Other assets:		86,663	6,207	5	1,045	78,953
27	Physical traded commodities, including gold		1,285				1,092
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		2,322				1,973
29	Net derivative assets		-				-
30	Total derivative liabilities before adjustments for deduction of variation margin posted		3,657				183
31	All other assets not included in the above categories		79,399	6,207	5	1,045	75,705
32	OBS items	1			534,465		7,094
33	Total RSF						670,874
34	NSFR (%)						171.7%

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

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 - (MA(BS)20)'. 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

As at 30 Jun 2024	On-balance sheet exposure HK\$m	OBS exposure HK\$m	Total exposures HK\$m
Type of Counterparties			
1 Central government, central government-owned entities and their subsidiaries and joint ventures ('JVs')	51,901	4,825	56,726
2 Local governments, local government-owned entities and their subsidiaries and JVs	21,250	1,284	22,534
3 People's Republic of China ('PRC') nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	85,449	9,942	95,391
4 Other entities of central government not reported in item 1 above	5,062	963	6,025
5 Other entities of local governments not reported in item 2 above	3,060	121	3,181
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	16,949	829	17,778
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	5,742	69	5,811
Total	189,413	18,033	207,446
Total assets after provision	1,530,512		
On-balance sheet exposures as percentage of total assets	12.38%		

On-balance sheet exposures as percentage of total assets slightly decreased from 12.83% at 31 December 2023 to 12.38% at 30 June 2024.

International claims

The Group's country risk exposures in the table below are prepared in accordance with the HKMA 'Return of International Banking Statistics - (MA(BS)21)' guidelines on an accounting 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

As at 30 Jun 2024	Banks HK\$m	Official Sector HK\$m	Non Bank Financial Institution HK\$m	Non-Financial Private Sector HK\$m	Others HK\$m	Total HK\$m
Developed countries	44,202	139,025	47,372	71,874	-	302,473
<i>of which : United States</i>	<i>2,540</i>	<i>38,104</i>	<i>22,354</i>	<i>35,564</i>	<i>-</i>	<i>98,562</i>
Offshore centres	21,436	22,320	20,703	120,588	-	185,047
<i>of which : Hong Kong SAR</i>	<i>14,801</i>	<i>1,220</i>	<i>17,631</i>	<i>107,890</i>	<i>-</i>	<i>141,542</i>
Developing Asia and Pacific	66,253	18,068	8,387	49,856	-	142,564
<i>of which : Mainland China</i>	<i>51,123</i>	<i>18,007</i>	<i>7,585</i>	<i>44,417</i>	<i>-</i>	<i>121,132</i>

At 30 June 2024, 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)*

Foreign exchange exposures

The Group's foreign exchange exposures in the tables below are prepared in accordance with the HKMA 'Return of Foreign Currency Position -(MA(BS)6)'.

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 2024:

Table 46: Non-structural foreign currency positions

	US dollars (<i>'USD'</i>) HK\$m	Other foreign currencies HK\$m	Total foreign currencies HK\$m
As at 30 Jun 2024			
Non-structural position			
Spot assets	234,809	326,634	561,443
Spot liabilities	(232,454)	(212,742)	(445,196)
Forward purchases	568,555	285,408	853,963
Forward sales	(565,935)	(399,660)	(965,595)
Net options position	88	(160)	(72)
Net long/(short) non- structural position	5,063	(520)	4,543

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

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 2024:

Table 47: Net structural foreign currency exposures

	USD HK\$m	Chinese Renminbi (<i>'RMB'</i>) HK\$m	Other foreign currencies HK\$m	Total foreign currencies HK\$m
As at 30 Jun 2024				
Net structural foreign currency exposures	12,691	14,481	1,850	29,022

A summary of the Group's current policies and practices for the management of foreign currency exposures is set out in page 44 of the Group's 2024 Interim Report*.

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

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Other information

Abbreviations

A		J	
AI	Authorised institution	J	Jurisdiction
ASF	Available stable funding	JVs	Joint ventures
AT1	Additional tier 1	L	
B		LAC	Loss-absorbing capacity
Bank	Hang Seng Bank Limited	LAC Rules	Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements - Banking Sector) Rules
BCBS	Basel Committee on Banking Supervision	LCR	Liquidity coverage ratio
BCR	Banking (Capital) Rules	LGD	Loss given default
BDR	Banking (Disclosure) Rules	LR	Leverage ratio
BLR	Banking (Liquidity) Rules	LTA	Look through approach
BSC	Basic approach	M	
C		MBA	Mandate-based approach
CCF	Credit conversion factor	MSRs	Mortgage servicing rights
CCP	Central counterparty	N	
CCR	Counterparty credit risk	N/A	Not applicable
CCyB	Countercyclical capital buffer	NSFR	Net stable funding ratio
CEM	Current exposure method	O	
CET1	Common equity tier 1	OBS	Off-balance sheet
CF	Commodities finance	OF	Object finance
CIS	Collective investment scheme	OTC	Over-the-counter
CNY	Onshore Chinese Yuan	P	
CRC	Comprehensive risk charge	PD	Probability of default
CRM	Credit risk mitigation	PF	Project finance
CSA	Credit support annex	PFE	Potential future exposure
CVA	Credit valuation adjustment	p.p.	Percentage point
D		PRC	People's Republic of China
D-SIB	Domestic systemically important authorised institution	PSE	Public sector entity
DTAs	Deferred tax assets	Q	
E		QRRE	Qualifying revolving retail exposures
EAD	Exposure at default	R	
ECL	Expected credit loss	RC	Replacement cost
EL	Expected loss	RMB	Chinese Renminbi
EPE	Expected positive exposure	RSF	Required stable funding
F		RW	Risk-weight
FBA	Fall-back approach	RWA	Risk-weighted asset/risk-weighted amount
FIRO	Financial Institutions (Resolution) Ordinance	S	
FSB	Financial Stability Board	SA-CCR	Standardised (counterparty credit risk) approach
G		SEC-ERBA	Securitisation external ratings-based approach
G-SIB	Global systemically important authorised institution	SEC-FBA	Securitisation fall-back approach
Group	Hang Seng Bank Limited together with its subsidiaries	SEC-IRBA	Securitisation internal ratings-based approach
H		SEC-SA	Securitisation standardised approach
HK\$bn	Billions (thousands of millions) of Hong Kong dollars	SFT	Securities financing transaction
HK\$m	Millions of Hong Kong dollars	SRW	Supervisory risk-weight
HKFRS	Hong Kong Financial Reporting Standards	STC	Standardised (credit risk) approach
HKMA	Hong Kong Monetary Authority	STM	Standardised (market risk) approach
Hong Kong SAR	The Hong Kong Special Administrative Region of the People's Republic of China	STO	Standardised (operational risk) approach
HQLA	High quality liquid assets	SVaR	Stressed VaR
HVCRE	High-volatility commercial real estate	T	
I		T1	Tier 1
IAA	Internal assessment approach	T2	Tier 2
IMM	Internal models approach	TC	Total regulatory capital
IMM(CCR)	Internal models (counterparty credit risk) approach	TLAC	Total loss-absorbing capacity
IPRE	Income-producing real estate	U	
IRB	Internal ratings-based approach	USD	US dollars
IRC	Incremental risk charge	V	
ISDA	International Swaps and Derivatives Association	VaR	Value at risk