恒生銀行
HANG SENG BANK

Banking Disclosure Statement

30 June 2026

(Unaudited)

BANKING DISCLOSURE STATEMENT (unaudited)

Contents

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

Introduction

Purpose

The information contained in this document is for Hang Seng Bank Limited ('the Bank') and its subsidiaries (together 'the Group'). It should be read in conjunction with the Group's 2026 Interim Financial Report. The Group's Interim Financial Report and the Banking Disclosure Statement, taken together, comply with both the Banking (Disclosure) Rules ('BDR') made under section 60A of the Banking Ordinance and the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements - Banking Sector) Rules ('LAC Rules') made under section 19(1) of the Financial Institutions (Resolution) Ordinance ('FIRO').

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

Basis of preparation

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

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

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

Regulatory reporting processes and controls

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

The Banking Disclosure Statement

The Group's Banking Disclosure Statement at 30 June 2026 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 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 2026 Interim Financial Report which can be found in the Credit Ratings & Financial Data – Financial Data section of our website, www.hangseng.com. On 8 January 2026, the proposal to privatise Hang Seng Bank Limited by The Hongkong and Shanghai Banking Corporation Limited through a scheme of arrangement was approved by the Bank's shareholders. On 26 January 2026, the scheme became effective and the Bank was subsequently delisted from The Stock Exchange of Hong Kong on 27 January 2026. Consequentially, the Bank then became a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, and therefore HSBC Holdings plc. Despite the change in structure, there is no other substantial change in the Group's operations in the second quarter of 2026.

Disclosure requirements covered in the Group's 2026 Interim Financial Report:	**Reference in Interim Financial Report**
- BDR Section 16(1)(b) – Operations of the Group	Note 5 on pages 13 to 16

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

Key Metrics

Table 1: KM1 – Key prudential ratios

		a	b	c	d	e
		At				
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	30 Jun 2025
	Regulatory capital (HK$m)[1]					
1 & 1a	Common Equity Tier 1 ('CET1')	**111,516**	123,107	123,744	119,159	119,325
2 & 2a	Tier 1 ('T1')	**123,103**	134,694	135,331	130,746	130,912
3 & 3a	Total capital	**131,301**	143,134	143,893	139,394	139,753
	RWA (HK$m)[1]					
4	Total RWA	**527,461**	524,504	531,515	538,164	560,952
4a	Total RWA (pre-floor)	**527,461**	524,504	531,515	538,164	560,952
	Risk-based regulatory capital ratios (as a percentage of RWA)[1]					
5 & 5a	CET1 ratio (%)	**21.1**	23.5	23.3	22.1	21.3
5b	CET1 ratio (%) (pre-floor ratio)	**21.1**	23.5	23.3	22.1	21.3
6 & 6a	T1 ratio (%)	**23.3**	25.7	25.5	24.3	23.3
6b	T1 ratio (%) (pre-floor ratio)	**23.3**	25.7	25.5	24.3	23.3
7 & 7a	Total capital ratio (%)	**24.9**	27.3	27.1	25.9	24.9
7b	Total capital ratio (%) (pre-floor ratio)	**24.9**	27.3	27.1	25.9	24.9
	Additional CET1 buffer requirements (as a percentage of RWA)[1]					
8	Capital conservation buffer requirement (%)	**2.500**	2.500	2.500	2.500	2.500
9	Countercyclical capital buffer ('CCyB') requirement (%)[2]	**0.443**	0.436	0.438	0.444	0.446
10	Higher loss absorbency requirement (%) (applicable only to Global systemically important authorised institution ('G-SIBs') or Domestic systemically important authorised institution ('D-SIBs'))	**1.000**	1.000	1.000	1.000	1.000
11	Total authorised institution ('AI')-specific CET1 buffer requirements (%)	**3.943**	3.936	3.938	3.944	3.946
12	CET1 available after meeting the AI's minimum capital requirements (%)	**16.6**	19.0	18.8	17.6	16.8
	Basel III leverage ratio ('LR')[3]					
13	Total LR exposure measure (HK$m)	**1,761,149**	1,707,727	1,639,012	1,626,246	1,663,015
13a	LR exposure measure based on mean values of gross assets of securities financing transactions ('SFTs') (HK$m)	**1,744,938**	1,694,505	1,614,469	1,631,011	1,651,061
14, 14a &14b	LR (%)	**7.0**	7.9	8.3	8.0	7.9
14c &14d	LR (%) based on mean values of gross assets of SFTs	**7.1**	7.9	8.4	8.0	7.9
	Liquidity Coverage Ratio ('LCR')[4]					
15	Total high quality liquid assets ('HQLA') (HK$m)	**475,752**	501,394	486,171	500,595	506,892
16	Total net cash outflows (HK$m)	**193,269**	165,101	159,086	151,525	152,136
17	LCR (%)	**246.9**	304.7	306.2	331.8	335.0
	Net Stable Funding Ratio ('NSFR')[5]					
18	Total available stable funding ('ASF') (HK$m)	**1,250,831**	1,283,533	1,244,861	1,221,262	1,259,984
19	Total required stable funding ('RSF') (HK$m)	**726,015**	726,563	700,337	692,326	689,899
20	NSFR (%)	**172.3**	176.7	177.8	176.4	182.6

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

2 The jurisdictional CCyB ('JCCyB') of Hong Kong used in the calculation of the CCyB buffer requirement is 0.5% with effect from October 2024 which was reduced from 1.0%. The JCCyB of other countries used in the calculation of the CCyB requirement ranged from 0% to 2.5% at 30 June 2026.

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

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

5 The NSFR disclosures are made in accordance with the information contained in the 'Stable Funding Position' return submitted to the HKMA under the requirements specified in rule 11(1) of the BLR.

Total capital ratio decreased by 2.4 percentage point ('p.p.') compared with the position at March 2026. It is a combined effect of a decrease in total capital base and an increase in total RWA.

The decrease in total capital base of HK$11.8bn was mainly driven by:

• a decrease of HK$19.9bn due to dividends distributed and Additional Tier 1 ('AT1') coupons paid, partially offset by

• an increase of HK$4.7bn from profit for the period; and

• a decrease of HK$4bn in CET1 capital deduction arising from excess of expected loss ('EL') over eligible provision under Internal ratings-based ('IRB') approach.

The increase in total RWA of HK$3.0bn, primarily driven by an increase in Operational risk RWA and Market risk RWA, partially offset by a decrease in Credit risk RWA.

Structure of the regulatory group

Basis of consolidation

The basis of consolidation for accounting purposes is in accordance with Hong Kong Financial Reporting Standards ('HKFRS'), as described in note 1 on the consolidated financial statements in the Group's 2025 Annual 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. No surplus capital in insurance subsidiaries is recognised in the calculation of the Group’s capital adequacy.

There are no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation as at 30 June 2026.

For all subsidiaries included in both the accounting and regulatory scope of consolidation, the same consolidation methodology is applied at 30 June 2026.

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 2026, the Group is not required to restrict any reserves which can be distributed to shareholders as the impairment allowance for Stage 1 and 2 loans and advances to customers exceeded the required regulatory reserve balance.

There are no relevant capital shortfalls in any of the Group's subsidiaries which are not included in its consolidation group for regulatory purposes as at 30 June 2026.

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

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

		As at 30 Jun 2026	
		Total assets*	**Total equity***
	Principal activities	**HK$m**	**HK$m**
Hang Seng Insurance Co. Ltd and its subsidiaries	Retirement benefits and life assurance	**268,320**	**12,012**
Hang Seng Securities Ltd	Trading and dealing in securities	**3,254**	**1,137**
Hang Seng Investment Management Ltd	Fund management	**520**	**448**
Hang Seng Qianhai Fund Management Co. Ltd	Fund raising, fund sales and asset management	**142**	**129**
Hang Seng Investment Services Ltd	Provision of investment commentaries	**9**	**9**

* Prepared in accordance with HKFRS

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

Balance sheet reconciliation

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

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

	a	b	c
	As at 30 Jun 2026		
	Balance sheet as in published financial statements HK$m	**Under regulatory scope of consolidation HK$m**	Cross-referenced to definition of capital components
Assets			
Cash and balances at central banks	**10,525**	**10,525**	
Trading assets	**29,313**	**29,310**	
Derivatives	**16,408**	**16,499**	
Financial assets mandatorily measured at fair value through profit or loss	**209,745**	**413**	
Reverse repurchase agreements - non trading	**126,795**	**126,795**	
Loans and advances to banks	**22,867**	**22,749**	
Loans and advances to customers	**784,450**	**784,450**	
Of which: Impairment allowances eligible for inclusion in Tier 2 capital	–	(142)	1
Financial investments	**509,146**	**499,588**	
Amouns due from Group Companies	**87,116**	**78,373**	
Of which: significant LAC investments eligible as Tier 2 capital issued by financial sector entities		1,065	2
Investment in subsidiaries	–	**7,021**	
Interest in an associate	**2,198**	–	
Goodwill and intangible assets	**4,423**	**4,093**	3
Property, plant and equipment	**33,011**	**30,650**	
Deferred tax assets	**5,849**	**494**	
Prepayments, accrued income and other assets	**100,519**	**64,908**	
Of which: Deferred tax assets ('DTAs')	–	494	4
Of which: Defined benefit pension fund net assets	–	584	5
Total assets	**1,942,365**	**1,675,868**	

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

	a	b	c
	As at 30 Jun 2026		
	Balance sheet as in published financial statements HK$m	**Under regulatory scope of consolidation HK$m**	Cross-referenced to definition of capital components
Liabilities			
Deposits by banks	**3,838**	**3,838**	
Customer accounts	**1,294,662**	**1,294,662**	
Repurchase agreements - non-trading	**87,903**	**87,903**	
Trading liabilities	**11,540**	**11,540**	
Derivatives	**11,417**	**11,573**	
Financial liabilities designated at fair value	**38,898**	**38,687**	
Of which: Gains and losses due to changes in own credit risk on fair valued liabilities	–	9	6
Certificates of deposit in issue	**9,468**	**9,468**	
Amounts due to Group Companies	**33,024**	**39,035**	
Accruals and deferred income, other liabilities and provisions	**42,130**	**26,413**	
Insurance contracts liabilities	**248,684**	–	
Current tax liabilities	**3,328**	**1,154**	
Deferred tax liabilities	**3,481**	**3,463**	
Of which: Deferred tax liabilities related to intangible assets	–	632	7
Of which: Deferred tax liabilities related to defined benefit pension fund	–	77	8
Total liabilities	**1,788,373**	**1,527,736**	
Equity			
Share capital	**9,658**	**9,658**	9
Retained earnings	**114,501**	**108,726**	10
Of which: Revaluation gains of investment properties	–	4,597	11
Of which: Regulatory reserve for general banking risks	–	–	12
Of which: Regulatory reserve eligible for inclusion in Tier 2 capital	–	–	13
Of which: Valuation adjustments	–	116	14
Other equity instruments	**11,587**	**11,587**	15
Other reserves	**18,207**	**18,161**	16
Of which: Cash flow hedge reserve	–	102	17
Of which: Revaluation reserve of properties	–	15,669	18
Of which: Valuation adjustments	–	23	19
Total shareholders' equity	**153,953**	**148,132**	
Non-controlling interests	**39**	–	
Total equity	**153,992**	**148,132**	
Total liabilities and equity	**1,942,365**	**1,675,868**	

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
As at 30 Jun 2026		**Component of regulatory capital** **HK$m**	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	**9,658**	9
2	Retained earnings	**108,726**	10
3	Disclosed reserves	**18,161**	16
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**	**136,545**	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	**139**	14+19
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	**3,461**	3-7
10	DTAs (net of associated deferred tax liabilities)	**494**	4
11	Cash flow hedge reserve	**102**	17
12	Excess of total EL amount over total eligible provisions under the IRB approach	**69**	
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	**(9)**	-6
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	**507**	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 ('MSRs') (net of associated deferred tax liabilities)	**Not applicable**	
21	DTAs arising from temporary differences (net of associated deferred tax liabilities)	**Not applicable**	
22	Amount exceeding the 15% threshold	**Not applicable**	
23	– of which: significant investments in the ordinary share of financial sector entities	Not applicable	
24	– of which: MSRs	Not applicable	
25	– of which: DTAs arising from temporary differences	Not applicable	
26	National specific regulatory adjustments applied to CET1 capital	**20,266**	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	20,266	11+18
26b	Regulatory reserve for general banking risks	–	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)	–	

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

As at 30 Jun 2026		a Component of regulatory capital HK$m	b Cross-referenced to Table 3 Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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**	**25,029**	
29	**CET1 capital**	**111,516**	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	**11,587**	
31	– of which: classified as equity under applicable accounting standards	11,587	15
32	– of which: classified as liabilities under applicable accounting standards	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidated group)	–	
36	**AT1 capital before regulatory deductions**	**11,587**	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	–	
38	Reciprocal cross-holdings in AT1 capital instruments	–	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
41	National specific regulatory adjustments applied to AT1 capital	–	
42	Regulatory deductions applied to AT1 capital due to insufficient T2 capital to cover deductions	–	
43	**Total regulatory deductions to AT1 capital**	–	
44	**AT1 capital**	**11,587**	
45	**T1 capital (T1 = CET1 + AT1)**	**123,103**	
	T2 capital: instruments and provisions		
46	Qualifying T2 capital instruments plus any related share premium	–	
48	T2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in T2 capital of the consolidation group)	–	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in T2 capital	**142**	13-1
51	**T2 capital before regulatory deductions**	**142**	
	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)	**1,065**	2
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	National specific regulatory adjustments applied to T2 capital	**(9,121)**	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in T2 capital	(9,121)	(11+18) *45%
56b	Regulatory deductions applied to T2 capital to cover the required deductions falling within BCR §48(1)(g)	–	

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

		a	b
			Cross-referenced to Table 3
As at 30 Jun 2026		**Component of regulatory capital** **HK$m**	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
57	**Total regulatory adjustments to T2 capital**	**(8,056)**	
58	**T2 capital**	**8,198**	
59	**Total regulatory capital ('TC' = T1 + T2)**	**131,301**	
60	**Total RWA**	**527,461**	
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio (%)**	**21.1**	
62	**T1 capital ratio (%)**	**23.3**	
63	**Total capital ratio (%)**	**24.9**	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	**3.943**	
65	– of which: capital conservation buffer requirement (%)	2.500	
66	– of which: bank specific countercyclical capital buffer requirement (%)	0.443	
67	– of which: higher loss absorbency requirement (%)	1.000	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements (%)	**16.6**	
	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	**3,800**	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	**7,021**	
74	MRSs (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 indicator ('BSC') approach, or the STC approach and Securitisation external ratings-based approach ('SEC-ERBA'), Securitisation standardised approach ('SEC-SA') and securitisation fall-back approach ('SEC-FBA') (prior to application of cap)	**142**	
77	Cap on inclusion of provisions in T2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	**993**	
78	Provisions eligible for inclusion in T2 in respect of exposures subject to the IRB approach and Securitisation internal ratings-based approach ('SEC-IRBA') (prior to application of cap)	**–**	
79	Cap for inclusion of provisions in T2 under the IRB approach and SEC-IRBA	**2,294**	

Notes to the template:

		As at 30 Jun 2026	
		Hong Kong basis	**Basel III basis**
		HK$m	**HK$m**
10	DTAs (net of associated deferred tax liabilities)	**494**	**6**

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 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 2.2 p.p. compared with the position at December 2025. It is a net effect of a decrease in total capital and a decrease in total RWA.

The decrease in total capital of HK$12.6bn was mainly driven by:

• a decrease of HK$25.6bn due to distribution of dividends and payment of AT1 coupons, partially offset by

• an increase of HK$8.8bn from profits for the first half of 2026; and

• a decrease of HK$4.8bn in CET1 capital deduction arising from excess of total EL amount over total eligible provisions under the IRB approach.

Total RWA decreased by HK$4.1bn, mainly due to a drop in Credit Risk RWA by HK$12.1bn. This was partially offset by increases in Market Risk RWA of HK$4.8bn and Operational Risk RWA of HK$4bn. The decrease in Credit Risk RWA was primarily due to a reduction in asset size, mainly driven by a decrease in interbank placements and corporate lending. The movement was further supported by an improvement in asset quality.

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 2026		a	c	d	e
	Geographical breakdown by Jurisdiction	**Applicable JCCyB ratio in effect %**	**RWA used in computation of CCyB ratio HK$m**	**AI-specific CCyB ratio %**	**CCyB amount HK$m**
1	The Hong Kong Special Administrative Region of the People's Republic of China ('Hong Kong SAR')	**0.500**	**351,993**		
2	Australia	**1.000**	**318**		
3	Chile	**0.500**	**1**		
4	France	**1.000**	**102**		
5	Germany	**0.750**	**108**		
6	Ireland	**1.500**	**24**		
7	Netherlands	**2.000**	**109**		
8	Norway	**2.500**	**2**		
9	South Korea	**1.000**	**1,117**		
10	Spain	**0.500**	**17**		
11	Sweden	**2.000**	**503**		
12	United Arab Emirates	**0.500**	**393**		
13	United Kingdom	**2.000**	**1,452**		
	Sum[2]		**356,139**		
	Total[3]		**410,945**	**0.443**	**2,337**

1 The JCCyB of Hong Kong used in the calculation of CCyB requirement is 0.5% with effect from October 2024 which was reduced from 1.0%. The JCCyB of other countries used in the calculation of the CCyB requirement ranged from 0% to 2.5% at 30 June 2026.
2 This represents the sum of RWA for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.
3 The total RWA used in the computation of the CCyB ratio in column (c) represents the total RWA for the private sector credit exposures in all jurisdictions to which the Group is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero. The CCyB amount in column (e) represents the Group's total RWA in row 4 of Table 1 of this document multiplied by the Group specific CCyB ratio in column (d).

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 2026	31 Mar 2026
		HK$m	HK$m
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	**1,491,334**	1,492,627
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	**–**	–
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	**(403)**	–
4	Less: Adjustment for assets other than money received under SFTs that are recognised as an asset	–	–
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from T1 capital	**(17,552)**	(20,388)
6	Less: Asset amounts deducted in determining T1 capital	**(24,900)**	(30,690)
7	**Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)**	**1,448,479**	1,441,549
	Exposures arising from derivative contracts		
8	Replacement cost ('RC') associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	**8,989**	10,590
9	Add-on amounts for potential future exposure ('PFE') associated with all derivative contracts	**29,319**	28,002
10	Less: Exempted Central counterparty ('CCP') leg of client-cleared trade exposures	**–**	–
11	Adjusted effective notional amount of written credit-related derivative contracts	**–**	–
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	**–**	–
13	**Total exposures arising from derivative contracts (sum of rows 8 to 12)**	**38,308**	38,592
	Exposures arising from SFTs		
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	**197,732**	151,638
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	**–**	–
16	CCR exposure for SFT assets	**971**	1,774
17	Agent transaction exposures	**–**	–
18	**Total exposures arising from SFTs (sum of rows 14 to 17)**	**198,703**	153,412
	Other off-balance sheet ('OBS') exposures		
19	OBS exposure at gross notional amount	**521,587**	513,776
20	Less: Adjustments for conversion to credit equivalent amounts	**(445,793)**	(439,466)
21	Less: Specific and collective provisions associated with OBS exposures that are deducted from T1 capital	**(135)**	(136)
22	**Off-balance sheet items (sum of rows 19 to 21)**	**75,659**	74,174
	Capital and total exposures		
23	**Tier 1 capital**	**123,103**	134,694
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**1,761,149**	1,707,727
	LR		
25 & 25a	Leverage ratio (%)[1]	**7.0**	7.9
26	Minimum leverage ratio requirement (%)	**3.0**	3.0
27	Applicable leverage buffers	**N/A**	N/A
	Disclosure of mean values		
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**181,521**	138,416
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**197,732**	151,638

Table 6: LR2 – Leverage ratio (continued)

		a	b
		30 Jun 2026	31 Mar 2026
		HK$m	HK$m
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	**1,744,938**	1,694,505
31 & 31a	LR based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables) (%)	**7.1**	7.9

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

Leverage ratio decreased by 0.9p.p. It is a combined effect of an increase in total exposures and decrease in T1 capital.

The increase in total exposures by HK$53.4bn was due to an increase in SFT exposures.

The mean value of gross amount of SFT assets was HK$16.2bn lower than the quarter-end value of gross amount of SFT assets, reflecting higher customer demand in June 2026.

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

		a
	Item	**Value under the LR framework 30 Jun 2026 HK$m**
1	Total consolidated assets as per published financial statements	**1,942,365**
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(254,840)**
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	–
4	Adjustments for temporary exemption of central bank reserves	**N/A**
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	–
7	Adjustments for eligible cash pooling transactions	–
8	Adjustments for derivative contracts	**21,408**
9	Adjustment for SFTs (i.e. repos and similar secured lending)	**13,115**
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**75,794**
11	Adjustments for prudent valuation adjustments (‘PVA‘) and specific and collective provisions that are allowed to be excluded from LR exposure measure	**(17,687)**
12	Other adjustments	**(19,006)**
13	Leverage ratio exposure measure	**1,761,149**

Other adjustments mainly represent the Hong Kong Government certificates of indebtedness and assets deducted in determining T1 capital. These are excluded in deriving the LR exposure measure in accordance with the HKMA requirements specified in Part 1C of the BCR.

LR exposure measure increased by HK$122.1bn in the first half of 2026 as a result of increase in SFT exposures.

Overview of RWA and the minimum capital requirements

Table 8: OV1 – Overview of RWA

		a	b	c
		RWA		**Minimum capital requirements**[1]
		30 Jun 2026 HK$m	31 Mar 2026 HK$m	**30 Jun 2026 HK$m**
1	Credit risk for non-securitisation exposures	**430,224**	436,044	**34,419**
2	Of which: STC approach	65,675	61,166	5,254
2a	Of which: BSC approach	–	–	–
3	Of which: FIRB approach	134,461	133,229	10,757
4	Of which: Supervisory slotting criteria approach	34,119	34,418	2,730
5	Of which: AIRB approach	83,442	91,517	6,675
5a	Of which: Retail IRB approach	79,058	81,802	6,325
5b	Of which: Specific risk-weight approach	33,469	33,912	2,678
5c	Of which cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR	–	–	–
6	Counterparty credit risk and default fund contributions	**9,028**	7,953	**722**
7	Of which: SA-CCR approach	7,300	6,469	584
7a	Of which: Current exposure method ('CEM')	–	–	–
8	Of which: Internal models (counterparty credit risk) ('IMM(CCR)') approach	–	–	–
8a	Of which method for group 2b cryptoasset derivative contracts	–	–	–
9	Of which: Others	1,728	1,484	138
10	CVA Risk	**9,503**	10,256	**760**
11	Equity positions in banking book under the simple risk-weight method and the internal models method	**N/A**	N/A	**N/A**
12	CIS exposures – LTA	**609**	580	**49**
13	CIS exposures – Mandate-based approach ('MBA')	**–**	–	**–**
14	CIS exposures – Fall-back approach ('FBA')	**–**	–	**–**
14a	CIS exposures – combination of approaches	**–**	–	**–**
15	Settlement risk	**–**	–	**–**
16	Securitisation exposures in banking book	**–**	–	**–**
17	Of which: SEC-IRBA	–	–	–
18	Of which: SEC-ERBA (including internal assessment approach ('IAA'))	–	–	–
19	Of which: SEC-SA	–	–	–
19a	Of which: SEC-FBA	–	–	–
20	Market risk	**18,677**	14,293	**1,494**
21	Of which: STM approach	18,677	14,293	1,494
22	Of which: Internal models approach ('IMA')	–	–	–
22a	Of which: Simplified standardised ('SSTM') approach	–	–	–
23	Capital charge for moving exposures between trading book and banking book	**–**	–	**–**
24	Operational risk	**53,014**	49,242	**4,241**
24a	Sovereign concentration risk	**–**	–	**–**
25	Amounts below the thresholds for deduction (subject to 250% risk weight ('RW'))	**17,553**	17,553	**1,404**
26	Output floor level applied (%)	**55**	55	
27	Floor adjustment (before application of transitional cap)	**–**	–	**–**
28	Floor adjustment (after application of transitional cap)	**N/A**	N/A	**N/A**
28a	Deduction to RWA	**(11,147)**	(11,417)	**(892)**
28b	Of which: Portion of regulatory reserve for general banking risks and collective provisions which is not included in T2 Capital	–	–	–
28c	Of which: Portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in T2 Capital	(11,147)	(11,417)	(892)
29	Total	**527,461**	524,504	**42,197**

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

Total RWA increased by HK$3.0bn in the second quarter of 2026. Below are the key drivers:

Credit risk for non-securitisation exposures

RWA decreased by HK$5.8bn, primarily due to changes in portfolio mix and improved of asset quality, driven by a lower average loan-to-value ratio on the mortgages.

Market risk

RWA increased by HK$4.4bn due to the increase in credit spread risk, commodity risk and residual risk add-on.

Operational risk

RWA increased by HK$3.8bn mainly due to an increase in the loss component.

Comparison of modelled and standardised RWA

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

		a	b	c	d
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for portfolios where standardised approaches are used	Total actual RWA (a + b) (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardised approach (i.e. used in the computation of the output floor)
As at 30 Jun 2026		**HK$m**	**HK$m**	**HK$m**	**HK$m**
1	Credit risk for non-securitisation exposures	**364,549**	**65,675**	**430,224**	**627,966**
2	Counterparty credit risk and default fund contributions	**7,538**	**1,490**	**9,028**	**16,687**
3	CVA risk	–	**9,503**	**9,503**	**9,503**
4	Securitisation exposures in banking book	–	–	–	–
5	Market risk	–	**18,677**	**18,677**	**18,677**
6	Operational risk	–	**53,014**	**53,014**	**53,014**
7	Residual RWA	**609**	**17,553**	**18,162**	**18,162**
8	**Total**	**372,696**	**165,912**	**538,608**	**744,009**

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

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

		a	b	c	d
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	**RWA for column (a) if re-calculated using the standardised approach**	**Total actual RWA (i.e. RWA which the AI reports as current requirements)**	**RWA calculated using full standardised approach (i.e. RWA used in the computation of the output floor)**
As at 30 Jun 2026		**HK$m**	**HK$m**	**HK$m**	**HK$m**
1	Sovereign exposures	**17,767**	**11,132**	**18,991**	**12,356**
1a	Of which: categorised as public sector entity ('PSE') exposures and multilateral development bank exposures under the STC approach	–	–	1,129	1,129
2	Bank exposures	**12,573**	**24,967**	**15,509**	**27,903**
3	Equity			**9,655**	**9,655**
4	Corporate exposures (excluding specialised lending)	**187,563**	**314,338**	**224,701**	**351,476**
4a	Of which: FIRB is applied	121,890	245,998	121,890	245,998
4b	Of which: AIRB is applied	65,673	68,340	65,673	68,340
5	Retail exposures	**79,058**	**137,906**	**93,780**	**152,628**
5a	Of which: qualifying revolving retail	26,433	35,086	27,724	36,377
5b	Of which: other retail exposures to individuals and small business retail exposures	18,745	18,108	28,345	27,708
5c	Of which: residential mortgages	33,880	84,712	37,669	88,501
6	Corporate exposures - Specialised lending	**34,119**	**40,479**	**34,119**	**40,479**
6a	Of which: income-producing real estate and high-volatility commercial real estate	34,119	40,479	34,119	40,479
7	Other exposures	**33,469**	**33,469**	**33,469**	**33,469**
7a	Cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR	–	–	–	–
8	**Total**	**364,549**	**562,291**	**430,224**	**627,966**

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

RWA flow statements for credit risk

Table 11: CR8 – RWA flow statement of credit risk[1] exposures under IRB approach

		a
		Amount **HK$m**
1	RWA as at end of previous reporting period (31 Mar 2026)	**374,878**
2	Asset size	**(5,995)**
3	Asset quality	**(5,279)**
4	Model updates	**–**
5	Methodology and policy	**394**
6	Acquisitions and disposals	**–**
7	Foreign exchange movements	**551**
8	Other	**–**
9	**RWA as at end of reporting period (30 Jun 2026)**	**364,549**

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

RWA decreased by HK$10.3bn in the second quarter of 2026, of which HK$6.0bn was due to a reduction in asset size, primarily driven by a drop in corporate lending under IRB approach. RWA decreased by HK$5.3bn from asset quality was mainly on retail exposure, primarily driven by lower average loan-to-value ratio on the mortgages.

Loss-absorbing capacity

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

		a	b	c	d	e
				At		
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	30 Jun 2025
Of the material entity at LAC consolidation group level						
1	Internal loss-absorbing capacity available (HK$m)	**155,130**	164,465	165,141	160,639	161,025
2	RWA under the LAC Rules (HK$m)	**527,461**	524,504	531,515	538,164	560,952
3	Internal LAC risk-weighted ratio (%)	**29.4**	31.4	31.1	29.8	28.7
4	Exposure measure under the LAC Rules (HK$m)	**1,760,084**	1,706,674	1,637,967	1,625,201	1,661,970
5	Internal LAC leverage ratio (%)	**8.8**	9.6	10.1	9.9	9.7
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the Financial Stability Board ('FSB') Total Loss-absorbing Capacity ('TLAC') Term Sheet apply?[1]	**N/A**	N/A	N/A	N/A	N/A
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?[1]	**N/A**	N/A	N/A	N/A	N/A
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied (%)[1]	**N/A**	N/A	N/A	N/A	N/A

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

Table 13: TLAC1(A) – TLAC composition

		a
As at 30 Jun 2026		**Amount**
	Regulatory capital elements of internal loss-absorbing capacity and adjustments (HK$m)	
1	CET1 capital	**111,516**
2	AT1 capital before LAC adjustments	**11,587**
3	AT1 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	–
4	Other adjustments	–
5	**AT1 capital eligible under the LAC Rules**	**11,587**
6	T2 capital before LAC adjustments	**8,198**
7	Amortised portion of T2 capital instruments that are internal LAC debt instruments issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	–
8	T2 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	–
9	Other adjustments	–
10	**T2 capital eligible under the LAC Rules**	**8,198**
11	**Internal loss-absorbing capacity arising from regulatory capital**	**131,301**
	Non-regulatory capital elements of internal loss-absorbing capacity (HK$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	**23,829**
17	**Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments**	**23,829**
	Non-regulatory capital elements of internal loss-absorbing capacity: adjustments (HK$m)	
18	**Internal loss-absorbing capacity before deductions**	**155,130**
19	Deductions of exposures between the material subsidiary's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for internal loss-absorbing capacity	–
20	Deduction of holdings of its own non-capital LAC liabilities	–
21	Other adjustments to internal loss-absorbing capacity	–
22	**Internal loss-absorbing capacity after deductions**	**155,130**
	RWA and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes (HK$m)	
23	RWA under the LAC Rules	**527,461**
24	Exposure measure under the LAC Rules	**1,760,084**
	Internal LAC ratios and buffers (%)	
25	Internal LAC risk-weighted ratio	**29.4**
26	Internal LAC leverage ratio	**8.8**
27	CET1 capital (as a percentage of RWA under the BCR) available after meeting the LAC consolidation group's minimum capital and LAC requirements	**15.9**
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA under the BCR)	**3.943**
29	– of which: capital conservation buffer requirement	2.500
30	– of which: institution-specific countercyclical capital buffer requirement	0.443
31	– of which: higher loss absorbency requirement	1.000

Internal LAC risk-weighted ratio decreased by 1.7 p.p. in the first half of 2026 mainly due to the net effect of a decrease in total regulatory capital and a decrease in total RWA (Please refer to the commentary in Table 4 for details).

Table 14: TLAC2 – Hang Seng Bank Limited creditor ranking

		Creditor ranking (HK$m)			Sum of values in columns 1 to 3
		1 (most junior)	**2**	**3 (most senior)**	
1	Is the resolution entity or a non-HK resolution entity the creditor/investor? (yes or no)[1]	**Yes**	**Yes**	**Yes**	
2	Description of creditor ranking	**Ordinary shares**	**AT1 instruments**	**LAC loans**	
3	Total capital and liabilities net of CRM	**9,658**	**11,587**	**23,777**	**45,022**
4	Subset of row 3 that are excluded liabilities	–	–	–	–
5	Total capital and liabilities less excluded liabilities	**9,658**	**11,587**	**23,777**	**45,022**
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	**9,658**	**11,587**	**23,777**	**45,022**
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	–	–	**13,460**	**13,460**
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	–	–	**7,817**	**7,817**
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	–	–	**2,500**	**2,500**
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	–
11	Subset of row 6 that are perpetual securities	**9,658**	**11,587**	–	**21,245**

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

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

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

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

(i) Instruments that meet both regulatory capital and LAC requirements

As at 30 Jun 2026

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

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

		b	c
As at 30 Jun 2026		Quantitative / qualitative information	
		Perpetual subordinated loan (US$ 600 million)	Perpetual subordinated loan (US$ 900 million)
1	Issuer	Hang Seng Bank Limited	Hang Seng Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Governing law(s) of the instrument	Laws of Hong Kong	Laws of Hong Kong
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A	N/A
	Regulatory treatment		
4	Transitional Basel III rules	N/A	N/A
5	Basel III rules	AT1	AT1
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Solo and Group	Solo and Group
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK$ 4,640 million	HK$ 6,947 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK$ 4,640 million	HK$ 6,947 million
9	Par value of instrument	US$ 600 million	US$ 900 million
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	18 June 2024	11 September 2024
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	18 June 2029 / Taxation reason or Capital disqualification or Loss Absorption disqualification Event / Par	11 September 2029 to 11 March 2030 / Taxation reason or Capital disqualification or Loss Absorption disqualification Event / Par
16	Subsequent call dates, if applicable	Callable on any interest payment date after first call date	Every 5 years after the first call date
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Fixed until 18 June 2029 and thereafter floating	Fixed until 11 March 2030 and thereafter floating
18	Coupon rate and any related index	7.500% until 18 June 2029, and thereafter compounded SOFR +3.240%	6.875% until 11 March 2030, and thereafter U.S. Treasury Rate +3.298%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible[1] (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)	Non-convertible[1] (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)
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 (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)	Yes (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)
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	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A
	Terms and conditions	Individual loan agreement[4]	Individual loan agreement[4]

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

(ii) Instruments that meet only LAC (but not regulatory capital) requirements

As at 30 Jun 2026

		a	b
		Quantitative / qualitative information	
		Subordinated loan (HK$ 5,460 million)	Subordinated loan (HK$ 4,680 million)
1	Issuer	Hang Seng Bank Limited	Hang Seng Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Governing law(s) of the instrument	Laws of Hong Kong	Laws of Hong Kong
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A	N/A
	Regulatory treatment		
4	Transitional Basel III rules	N/A	N/A
5	Basel III rules	Ineligible	Ineligible
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK$ 5,481 million	HK$ 4,692 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 / Taxation reason or Loss Absorption disqualification Event / Par	Interest payment date falling in June 2028 / Taxation reason or Loss Absorption disqualification Event / Par
16	Subsequent call dates, if applicable	Callable on any interest payment date after first call date	Callable on any interest payment date after first call date
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Floating	Floating
18	Coupon rate and any related index	3-month HK$ HIBOR + 1.425%	3-month HK$ HIBOR + 1.564%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible[1] (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)	Non-convertible[1] (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)
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 (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)	Yes (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A
	Terms and conditions	Individual loan agreement[2]	Individual loan agreement[2]

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

		c	d
As at 30 Jun 2026		Quantitative / qualitative information	
		Subordinated loan (US$ 400 million)	Subordinated loan (HK$ 5,000 million)
1	Issuer	Hang Seng Bank Limited	Hang Seng Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Governing law(s) of the instrument	Laws of Hong Kong	Laws of Hong Kong
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A	N/A
	Regulatory treatment		
4	Transitional Basel III rules	N/A	N/A
5	Basel III rules	Ineligible	Ineligible
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK$ 3,147 million	HK$ 5,016 million
9	Par value of instrument	US$ 400 million	HK$ 5,000 million
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	10 June 2019	30 November 2021
12	Perpetual or dated	Dated	Dated
13	Original maturity date	Interest payment date falling in June 2030	Interest payment date falling in November 2027
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	Interest payment date falling in June 2029 / Taxation reason or Loss Absorption disqualification Event / Par	Interest payment date falling in November 2026 / Taxation reason or Loss Absorption disqualification Event / Par
16	Subsequent call dates, if applicable	Callable on any interest payment date after first call date	Callable on any interest payment date after first call date
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Floating	Floating
18	Coupon rate and any related index	Compounded SOFR + 2.0478%	3-month HK$ HIBOR + 1.00%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible[1] (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)	Non-convertible[1] (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)
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 (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)	Yes (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A
	Terms and conditions	Amendment agreement[3]	Individual loan agreement[4]

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

As at 30 Jun 2026		e	f
		Quantitative / qualitative information	
		Subordinated loan (HK$ 3,000 million)	Subordinated loan (HK$ 2,500 million)
1	Issuer	Hang Seng Bank Limited	Hang Seng Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Governing law(s) of the instrument	Laws of Hong Kong	Laws of Hong Kong
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A	N/A
	Regulatory treatment		
4	Transitional Basel III rules	N/A	N/A
5	Basel III rules	Ineligible	Ineligible
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK$ 2,999 million	HK$ 2,494 million
9	Par value of instrument	HK$ 3,000 million	HK$ 2,500 million
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	27 June 2022	26 June 2026
12	Perpetual or dated	Dated	Dated
13	Original maturity date	Interest payment date falling in June 2028	Interest payment date falling in June 2032
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 2027 / Taxation reason or Loss Absorption disqualification Event / Par	Interest payment date falling in June 2031 / Taxation reason or Loss Absorption disqualification Event / Par
16	Subsequent call dates, if applicable	Callable on any interest payment date after first call date	Callable on any interest payment date after first call date
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Floating	Floating
18	Coupon rate and any related index	3-month HK$ HIBOR + 1.68%	3-month HK$ HIBOR + 0.8%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible[1] (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)	Non-convertible[1] (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)
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 (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)	Yes (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the FIRO)
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A
	Terms and conditions	Individual loan agreement[4]	Individual loan agreement[4]

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

Credit risk

Credit quality of assets

Credit quality of exposures

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

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

Table 16: CR1 – Credit quality of exposures

		a	b	c	d	e	f	g
		Gross carrying amounts of			**of which: Expected Credit Loss ('ECL') accounting provisions[1] for credit losses on STC approach exposures**			
		Defaulted exposures[2]	**Non-defaulted exposures**	**Allowances/ impairments**	**Allocated in regulatory category of specific provisions**	**Allocated in regulatory category of collective provisions**	**of which: ECL accounting provisions for credit losses on IRB exposures**	**Net values (a+b-c)**
As at 30 Jun 2026		**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**
1	Loans	**37,146**	**812,611**	**17,542**	**694**	**140**	**16,708**	**832,215**
2	Debt securities	**56**	**498,666**	**10**	**–**	**–**	**10**	**498,712**
3	OBS exposures	**217**	**521,354**	**135**	**–**	**2**	**133**	**521,436**
4	**Total**	**37,419**	**1,832,631**	**17,687**	**694**	**142**	**16,851**	**1,852,363**

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

2 Defaulted exposures are determined in accordance with sections 51(1) and 149 of BCR.

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

		a
		Amount HK$m
1	Defaulted loans and debt securities at end of the previous reporting period (31 Dec 2025)	**57,210**
2	Loans and debt securities that have defaulted since the last reporting period	**1,409**
3	Returned to non-defaulted status	**(84)**
4	Amounts written off	**(1,371)**
5	Other changes[1]	**(19,962)**
6	**Defaulted loans and debt securities at end of the current reporting period (30 Jun 2026)**	**37,202**

1 Other changes included sale of loans, repayments and exchange differences.

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

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

As at 30 Jun 2026	Gross loans and advances to customers[1] HK$m	Gross credit-impaired loans and advances HK$m	Specific provisions[2] HK$m	Collective provisions[2] HK$m	Overdue loans and advances[3] HK$m
Residential mortgages	**321,226**	**1,215**	**(74)**	**(32)**	**698**
Real estate and construction	**140,096**	**24,849**	**(8,099)**	**(1,784)**	**15,119**
Others[4]	**340,684**	**11,082**	**(5,550)**	**(1,993)**	**8,553**
Total	**802,006**	**37,146**	**(13,723)**	**(3,809)**	**24,370**

1 The amounts shown in column 'Gross loans and advances to customers' represent loans and advances to customers gross of provisions in the financial statements under the regulatory consolidation scope and therefore is different from the 'Gross loans and advances to customers' shown in Table 20 which is prepared on accounting consolidation basis. The difference of total gross loans of HK$24m represents the Bank's loans and advances to the Group's subsidiaries which are outside the regulatory scope of consolidation.

2 The classification of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio' return. Details can be found in footnote 1 under Table 16 of this document.

3 The amounts shown in column 'Overdue loans and advances' represent gross loans and advances to customers that were overdue for more than 3 months as at 30 June 2026.

4 Any segment which constitutes less than 10% of total gross loans and advances to customers is disclosed on an aggregated basis under the category 'Others'.

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

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

As at 30 Jun 2026	Gross loans and advances to customers[1] HK$m	Gross credit-impaired loans and advances HK$m	Specific provisions[2] HK$m	Collective provisions[2] HK$m	Overdue loans and advances[3] HK$m
Hong Kong SAR	**741,269**	**34,644**	**(13,212)**	**(3,096)**	**23,411**
Mainland China	**55,408**	**1,799**	**(417)**	**(708)**	**947**
Others[4]	**5,329**	**703**	**(94)**	**(5)**	**12**
Total	**802,006**	**37,146**	**(13,723)**	**(3,809)**	**24,370**

1 The amounts shown in column 'Gross loans and advances to customers' represent loans and advances to customers gross of provisions in the financial statements under the regulatory consolidation scope and therefore is different from the 'Gross loans and advances to customers' shown in Table 20 which is prepared on accounting consolidation basis. The difference of total gross loans of HK$24m represents the Bank's loans and advances to the Group's subsidiaries which are outside the regulatory scope of consolidation.

2 The classification of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio return. Details can be found in footnote 1 under Table 16 of this document.

3 The amounts shown in column 'Overdue loans and advances' represent gross loans and advances to customers that were overdue for more than 3 months as at 30 June 2026.

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

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

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

As at 30 Jun 2026	Hong Kong SAR HK$m	Mainland China HK$m	Others HK$m	Total HK$m
Gross loans and advances to customers[1]	**706,505**	**73,306**	**22,171**	**801,982**
Gross credit-impaired loans and advances to customers	**34,597**	**1,638**	**911**	**37,146**
Specific Provisions	**(12,264)**	**(766)**	**(693)**	**(13,723)**

1 The amounts shown in column 'Gross loans and advances to customers' represent the loans and advances to customers gross of provisions in the financial statements on the accounting consolidation basis and therefore is different from the 'Gross loans and advances to customers' shown in Tables 18 and 19 which are prepared under the regulatory consolidation scope. The difference of total gross loans of HK$24m 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' return submitted to the HKMA is as follows:

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

As at 30 Jun 2026	Gross loans and advances HK$m	% of gross advances covered by collateral %
Industrial, commercial and financial sectors		
– Property development	**36,109**	**48.8 %**
– Property investment	**90,461**	**81.1 %**
– Financial concerns	**3,435**	**12.2 %**
– Stockbrokers	**3,915**	**– %**
– Wholesale and retail trade	**26,558**	**32.0 %**
– Manufacturing	**29,653**	**10.4 %**
– Transport and transport equipment	**11,560**	**58.3 %**
– Recreational activities	**28**	**79.0 %**
– Information technology	**13,001**	**6.1 %**
– Other	**41,187**	**44.0 %**
Individuals		
– loans and advances for the purchase of flats under the Government Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**50,382**	**100.0 %**
– loans and advances for the purchase of other residential properties	**257,298**	**100.0 %**
– credit card loans and advances	**29,438**	**– %**
– other	**34,907**	**41.0 %**
Gross loans and advances to customers for use in Hong Kong	**627,932**	**71.8 %**
Trade Finance	**37,598**	**12.3 %**
Gross loans and advances to customers for use outside Hong Kong	**136,452**	**20.4 %**
Gross loans and advances to customers	**801,982**	**60.2 %**

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.

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

Table 22: Overdue loans and advances to customers

As at 30 Jun 2026	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	**907**	**0.11 %**
– more than six months but not more than one year	**3,265**	**0.41 %**
– more than one year	**20,198**	**2.52 %**
Total	**24,370**	**3.04 %**
of which:		
– Specific Provision [1]	(10,614)	
– covered portion of overdue loans and advances	16,282	
– uncovered portion of overdue loans and advances	8,088	
– current market value of collateral held against the covered portion of overdue loans and advances	23,621	
Rescheduled loans and advances to customers	**7,371**	**0.92 %**

1 The Classification of specific provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio. Details can be found in footnote 1 under Table 18 of this document.

Collateral held with respect to overdue loans and advances is mainly commercial properties and residential properties. The current market value of commercial properties and residential properties were HK$15,939m and HK$5,311m 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 2026 was HK$96m.

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

There were no overdue or rescheduled placings with and advances to banks and other assets as at 30 June 2026.

Off-balance sheet exposures other than derivative transactions

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

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

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

	30 Jun 2026 HK$m
Contract amounts	
Direct credit substitutes	**606**
Transaction-related contingencies	**15,015**
Trade-related contingencies	**19,100**
Forward asset purchases	**16**
Forward deposits placed	**2,353**
Commitments that are unconditionally cancellable without prior notice	**441,022**
Commitments which have an original maturity of not more than one year	**3,825**
Commitments which have an original maturity of more than one year	**39,650**
Total	**521,587**
RWA	**41,562**

Credit risk under internal ratings-based approach

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

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2026	Original on-balance sheet gross exposure	OBS exposures pre-Credit conversion factor ('CCF')	Average CCF	Exposure at default ('EAD') post-CRM and post-CCF	Average Probability of default ('PD')	Number of obligors	Average Loss given default ('LGD')	Average maturity[1]	RWA	RWA density	EL	Provisions[2]
PD scale	HK$m	HK$m	%	HK$m	%		%	years	HK$m	%	HK$m	HK$m
Portfolio (i) – Bank												
0.00 to < 0.15	62,423	3,250	82.7	65,108	0.06	343	45.0	1.15	11,876	18	18	
0.15 to < 0.25	746	–	–	746	0.22	8	45.0	0.94	313	42	1	
0.25 to < 0.50	433	–	–	433	0.37	7	45.0	0.69	231	53	1	
0.50 to < 0.75	239	–	–	239	0.63	6	45.0	0.09	149	62	1	
0.75 to < 2.50	6	–	–	6	0.87	3	45.0	0.42	4	74	–	
2.50 to < 10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	63,847	3,250	82.7	66,532	0.07	367	45.0	1.14	12,573	19	21	10
Portfolio (ii) – Corporate – Small and medium-sized enterprises ('SMEs')												
0.00 to < 0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to < 0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to < 0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to < 0.75	23	9	15.0	24	0.63	1	40.0	1.12	13	53	–	
0.75 to < 2.50	1,647	127	14.2	1,665	0.98	9	21.9	1.42	602	36	4	
2.50 to < 10.00	595	–	10.0	595	5.24	5	40.0	1.29	582	98	12	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	163	–	–	163	100.00	5	40.0	1.54	–	–	65	
Sub-total	2,428	136	14.2	2,447	8.62	20	27.7	1.39	1,197	49	81	30
Portfolio (iii) – Corporate – Large corporates												
0.00 to < 0.15	82,034	57,015	21.9	94,985	0.08	178	39.7	1.39	15,792	17	32	
0.15 to < 0.25	31,004	23,576	24.9	36,879	0.22	114	39.5	1.67	12,440	34	32	
0.25 to < 0.50	19,230	21,311	15.3	22,480	0.37	148	40.0	1.43	9,716	43	33	
0.50 to < 0.75	22,657	19,106	16.8	26,051	0.63	147	38.3	1.26	13,676	52	63	
0.75 to < 2.50	44,609	62,883	15.1	54,067	1.36	528	38.1	1.36	38,965	72	281	
2.50 to < 10.00	4,025	6,566	12.4	4,840	3.26	147	35.2	0.93	4,230	87	56	
10.00 to <100.00	12,947	723	30.9	13,171	14.99	33	23.0	1.58	12,623	96	456	
100.00 (Default)	3,598	211	10.0	3,985	100.00	29	36.8	1.41	–	–	1,467	
Sub-total	220,104	191,391	18.5	256,458	2.83	1,324	38.2	1.42	107,442	42	2,420	895
Portfolio (iv) – Corporate – Financial institutions treated as corporates												
0.00 to < 0.15	6,142	2,139	22.7	5,807	0.10	21	45.0	1.22	1,469	25	3	
0.15 to < 0.25	3,911	3,681	14.9	4,459	0.22	20	45.0	1.18	1,885	42	4	
0.25 to < 0.50	1,458	3,023	27.6	2,644	0.37	13	45.0	1.34	1,586	60	4	
0.50 to < 0.75	1,017	332	18.8	1,080	0.63	13	45.0	1.23	803	74	3	
0.75 to < 2.50	3,176	2,304	15.3	3,528	1.13	51	44.2	1.83	3,736	106	18	
2.50 to < 10.00	83	10	10.0	84	3.09	11	20.3	4.95	75	88	1	
10.00 to <100.00	–	42	98.7	42	18.97	4	42.9	1.00	100	239	3	
100.00 (Default)	942	–	–	942	100.00	15	46.0	1.01	–	–	433	
Sub-total	16,729	11,531	20.2	18,586	5.51	148	44.8	1.35	9,654	52	469	177
Portfolio (v) – Corporate – Other corporates												
0.00 to < 0.15	597	142	19.8	625	0.12	14	40.0	1.23	122	20	1	
0.15 to < 0.25	262	314	10.3	294	0.22	29	40.0	2.28	115	39	–	
0.25 to < 0.50	1,500	1,828	11.7	1,359	0.37	33	40.0	1.06	539	40	2	
0.50 to < 0.75	631	1,502	18.0	709	0.63	47	39.9	1.10	378	53	2	
0.75 to < 2.50	1,540	1,696	11.9	1,742	1.66	509	47.0	1.33	1,164	67	3	
2.50 to < 10.00	406	550	26.8	477	3.76	113	39.2	1.30	538	113	13	
10.00 to <100.00	957	97	100.0	1,054	37.31	34	18.4	1.85	741	70	76	
100.00 (Default)	1,590	–	–	1,590	100.00	44	20.9	1.98	–	–	357	
Sub-total	7,483	6,129	14.9	7,850	26.14	823	36.6	1.50	3,597	46	454	2,776

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

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2026	**Original on-balance sheet gross exposure**	**OBS exposures pre-CCF**	**Average CCF**	**EAD post-CRM and post-CCF**	**Average PD**	**Number of obligors**	**Average LGD**	**Average maturity[1]**	**RWA**	**RWA density**	**EL**	**Provisions[2]**
PD scale	**HK$m**	**HK$m**	**%**	**HK$m**	**%**		**%**	**years**	**HK$m**	**%**	**HK$m**	**HK$m**
Portfolio (vi) – Sovereign												
0.00 to < 0.15	**420,058**	**–**	**–**	**420,074**	**0.01**	**86**	**33.5**	**1.66**	**17,767**	**4**	**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	**420,058**	**–**	**–**	**420,074**	**0.01**	**86**	**33.5**	**1.66**	**17,767**	**4**	**15**	**3**
Portfolio (vii) – Corporate – SMEs												
0.00 to < 0.15	**184**	**667**	**16.9**	**296**	**0.09**	**38**	**63.6**	**1.68**	**57**	**19**	**–**	
0.15 to < 0.25	**370**	**810**	**16.4**	**502**	**0.22**	**50**	**28.3**	**2.76**	**121**	**24**	**–**	
0.25 to < 0.50	**1,122**	**1,711**	**15.3**	**1,384**	**0.37**	**89**	**30.9**	**1.47**	**378**	**27**	**2**	
0.50 to < 0.75	**2,351**	**848**	**20.7**	**2,527**	**0.63**	**86**	**25.7**	**3.60**	**1,167**	**46**	**4**	
0.75 to < 2.50	**9,318**	**3,272**	**20.0**	**9,971**	**1.41**	**334**	**30.5**	**2.62**	**6,030**	**60**	**43**	
2.50 to < 10.00	**1,793**	**401**	**18.2**	**1,866**	**4.06**	**66**	**26.4**	**2.97**	**1,355**	**73**	**20**	
10.00 to <100.00	**488**	**161**	**10.4**	**505**	**16.52**	**6**	**48.7**	**3.96**	**1,192**	**236**	**44**	
100.00 (Default)	**129**	**–**	**–**	**131**	**100.00**	**3**	**21.5**	**1.12**	**105**	**81**	**3**	
Sub-total	**15,755**	**7,870**	**18.1**	**17,182**	**2.64**	**672**	**30.4**	**2.73**	**10,405**	**61**	**116**	**155**
Portfolio (viii) – Corporate – Other												
0.00 to < 0.15	**1,461**	**2,325**	**13.3**	**1,769**	**0.09**	**88**	**33.4**	**2.53**	**342**	**19**	**1**	
0.15 to < 0.25	**2,646**	**2,154**	**21.3**	**3,105**	**0.22**	**85**	**29.3**	**1.85**	**769**	**25**	**2**	
0.25 to < 0.50	**4,982**	**8,048**	**17.4**	**6,380**	**0.37**	**161**	**33.2**	**1.69**	**2,387**	**37**	**8**	
0.50 to < 0.75	**3,491**	**3,593**	**17.0**	**4,103**	**0.63**	**153**	**36.9**	**1.93**	**2,418**	**59**	**10**	
0.75 to < 2.50	**22,694**	**11,817**	**16.7**	**24,311**	**1.51**	**891**	**30.0**	**1.91**	**15,206**	**63**	**108**	
2.50 to < 10.00	**4,684**	**2,020**	**21.5**	**5,119**	**4.32**	**228**	**25.3**	**2.37**	**3,988**	**78**	**55**	
10.00 to <100.00	**3,629**	**507**	**24.9**	**3,755**	**13.89**	**51**	**35.7**	**1.90**	**6,288**	**167**	**200**	
100.00 (Default)	**16,944**	**–**	**–**	**17,061**	**100.00**	**266**	**38.5**	**1.27**	**23,870**	**140**	**5,257**	
Sub-total	**60,531**	**30,464**	**17.4**	**65,603**	**27.79**	**1,923**	**33.0**	**1.77**	**55,268**	**84**	**5,641**	**8,199**

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

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2026	**Original on-balance sheet gross exposure**	**OBS exposures pre-CCF**	**Average CCF**	**EAD post-CRM and post-CCF**	**Average PD**	**Number of obligors**	**Average LGD**	**Average maturity[1]**	**RWA**	**RWA density**	**EL**	**Provisions[2]**
PD scale	**HK$m**	**HK$m**	**%**	**HK$m**	**%**		**%**	**years**	**HK$m**	**%**	**HK$m**	**HK$m**
Portfolio (ix) – Retail – Qualifying revolving retail exposures ('QRRE') (transactor)												
0.00 to < 0.15	**6,269**	**129,212**	**59.5**	**83,131**	**0.07**	**1,436,564**	**108.9**		**4,227**	**5**	**68**	
0.15 to < 0.25	**1,081**	**7,708**	**60.4**	**5,739**	**0.23**	**120,164**	**106.2**		**719**	**13**	**14**	
0.25 to < 0.50	**1,573**	**9,046**	**57.4**	**6,762**	**0.40**	**97,260**	**106.0**		**1,348**	**20**	**29**	
0.50 to < 0.75	**807**	**1,175**	**66.6**	**1,589**	**0.59**	**17,273**	**101.0**		**410**	**26**	**10**	
0.75 to < 2.50	**1,581**	**1,243**	**72.2**	**2,479**	**1.34**	**20,437**	**101.2**		**1,178**	**48**	**34**	
2.50 to < 10.00	**375**	**442**	**66.5**	**669**	**4.20**	**8,912**	**104.0**		**745**	**111**	**29**	
10.00 to <100.00	**38**	**8**	**121.3**	**48**	**21.28**	**493**	**101.3**		**102**	**215**	**10**	
100.00 (Default)	**3**	**2**	**5.0**	**3**	**100.00**	**20**	**101.3**		**5**	**158**	**3**	
Sub-total	**11,727**	**148,836**	**59.6**	**100,420**	**0.19**	**1,701,123**	**108.2**		**8,734**	**9**	**197**	**592**
Portfolio (x) – Retail – QRRE (revolver)												
0.00 to < 0.15	**3,732**	**42,202**	**70.8**	**33,625**	**0.10**	**461,499**	**105.7**		**2,221**	**7**	**37**	
0.15 to < 0.25	**1,020**	**5,167**	**69.0**	**4,583**	**0.23**	**69,229**	**103.5**		**559**	**12**	**11**	
0.25 to < 0.50	**2,779**	**11,171**	**64.9**	**10,033**	**0.40**	**115,564**	**104.3**		**1,967**	**20**	**42**	
0.50 to < 0.75	**1,450**	**2,660**	**68.4**	**3,268**	**0.60**	**36,965**	**101.8**		**853**	**26**	**20**	
0.75 to < 2.50	**4,854**	**4,087**	**72.0**	**7,799**	**1.44**	**68,020**	**101.0**		**3,907**	**50**	**113**	
2.50 to < 10.00	**3,411**	**1,102**	**89.5**	**4,398**	**4.71**	**34,925**	**100.8**		**5,094**	**116**	**209**	
10.00 to <100.00	**1,434**	**126**	**186.1**	**1,668**	**38.61**	**10,809**	**98.7**		**2,933**	**176**	**616**	
100.00 (Default)	**109**	**2**	**5.0**	**109**	**100.00**	**109**	**93.7**		**165**	**151**	**90**	
Sub-total	**18,789**	**66,517**	**70.2**	**65,483**	**1.80**	**797,120**	**104.0**		**17,699**	**27**	**1,138**	**482**
Portfolio (xi) – Retail – Residential mortgage exposures												
0.00 to < 0.15	**212,517**	**–**	**–**	**214,215**	**0.09**	**58,617**	**24.4**		**10,780**	**5**	**44**	
0.15 to < 0.25	**46,972**	**–**	**–**	**47,347**	**0.18**	**31,594**	**21.7**		**3,743**	**8**	**18**	
0.25 to < 0.50	**315**	**–**	**–**	**318**	**0.34**	**46**	**14.8**		**28**	**9**	**–**	
0.50 to < 0.75	**19,003**	**–**	**–**	**19,154**	**0.54**	**7,105**	**20.5**		**3,216**	**17**	**21**	
0.75 to < 2.50	**16,533**	**–**	**–**	**16,664**	**0.95**	**12,973**	**19.2**		**3,873**	**23**	**30**	
2.50 to < 10.00	**5,910**	**–**	**–**	**5,956**	**4.36**	**3,749**	**18.8**		**3,428**	**58**	**49**	
10.00 to <100.00	**5,389**	**–**	**–**	**5,430**	**21.49**	**2,864**	**19.4**		**6,004**	**111**	**226**	
100.00 (Default)	**1,176**	**–**	**–**	**1,176**	**100.00**	**414**	**26.5**		**2,808**	**239**	**87**	
Sub-total	**307,815**	**–**	**–**	**310,260**	**1.01**	**117,362**	**23.3**		**33,880**	**11**	**475**	**12**
Portfolio (xii) – Retail – Small business retail exposures												
0.00 to < 0.15	**1,864**	**–**	**–**	**1,875**	**0.07**	**955**	**14.8**		**56**	**3**	**–**	
0.15 to < 0.25	**364**	**–**	**–**	**365**	**0.19**	**103**	**19.5**		**28**	**8**	**–**	
0.25 to < 0.50	**57**	**–**	**–**	**57**	**0.35**	**12**	**48.5**		**16**	**28**	**–**	
0.50 to < 0.75	**313**	**–**	**–**	**314**	**0.57**	**125**	**14.1**		**34**	**11**	**–**	
0.75 to < 2.50	**293**	**–**	**–**	**293**	**1.10**	**78**	**44.2**		**137**	**47**	**1**	
2.50 to < 10.00	**378**	**–**	**–**	**378**	**6.00**	**155**	**24.3**		**142**	**38**	**6**	
10.00 to <100.00	**77**	**–**	**–**	**77**	**18.12**	**33**	**19.6**		**32**	**42**	**3**	
100.00 (Default)	**32**	**–**	**–**	**32**	**100.00**	**9**	**14.9**		**41**	**128**	**1**	
Sub-total	**3,378**	**–**	**–**	**3,391**	**2.24**	**1,470**	**19.5**		**486**	**14**	**11**	**3**
Portfolio (xiii) – Retail – Other retail exposures to individuals												
0.00 to < 0.15	**1,154**	**1,781**	**42.8**	**1,916**	**0.09**	**7,747**	**42.4**		**185**	**10**	**1**	
0.15 to < 0.25	**1,670**	**2,377**	**52.1**	**2,910**	**0.22**	**7,765**	**26.6**		**320**	**11**	**2**	
0.25 to < 0.50	**4,389**	**1,355**	**48.1**	**5,087**	**0.34**	**33,697**	**94.5**		**2,719**	**53**	**16**	
0.50 to < 0.75	**1,755**	**144**	**69.6**	**1,872**	**0.60**	**7,320**	**87.2**		**1,297**	**69**	**10**	
0.75 to < 2.50	**7,973**	**986**	**65.5**	**8,676**	**1.34**	**24,409**	**72.1**		**7,101**	**82**	**90**	
2.50 to < 10.00	**3,738**	**123**	**69.1**	**3,857**	**4.77**	**14,179**	**84.3**		**4,761**	**123**	**155**	
10.00 to <100.00	**972**	**45**	**79.6**	**1,016**	**16.73**	**4,414**	**78.4**		**1,655**	**163**	**146**	
100.00 (Default)	**100**	**2**	**5.0**	**100**	**100.00**	**267**	**63.3**		**221**	**220**	**46**	
Sub-total	**21,751**	**6,813**	**51.7**	**25,434**	**2.39**	**99,798**	**72.3**		**18,259**	**72**	**466**	**417**

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

	a	b	c	d	e	f	g	h	i	j	k	l
As at 30 Jun 2026	**Original on-balance sheet gross exposure**	**OBS exposures pre-CCF**	**Average CCF**	**EAD post-CRM and post-CCF**	**Average PD**	**Number of obligors**	**Average LGD**	**Average maturity[1]**	**RWA**	**RWA density**	**EL**	**Provisions[2]**
	HK$m	**HK$m**	**%**	**HK$m**	**%**		**%**	**years**	**HK$m**	**%**	**HK$m**	**HK$m**
Total (all portfolios)	**1,170,395**	**472,937**	**39.5**	**1,359,720**	**2.54**	**2,722,236**	**42.3**	**1.57**	**296,961**	**22**	**11,504**	**13,751**

1. The average maturity is relevant to wholesale portfolios only.
2. Provisions in this table represent the eligible provisions as defined under Division 1, Part 6 of the BCR which include the regulatory reserves for general banking risks and the impairment allowances reported under IRB approach.

Compared with the position as at 31 December 2025, RWA decreased by HK$16.0bn, mainly driven by changes in portfolio mix and an improvement in asset quality. This was further supported by a drop in corporate lending under IRB approach. EL and provisions decreased by HK$1.7bn and HK$1.1bn accordingly.

The decrease in average PD from 3.14% at 31 December 2025 to 2.54% at 30 June 2026 was mainly due to the decrease in the proportion of defaulted portfolio under IRB approach.

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

As at 30 Jun 2026		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 HK$m**	**Off-balance sheet exposure amount HK$m**	**Supervi-sory risk-weight ('SRW') %**	**Project Finance ('PF') HK$m**	**Object finance ('OF') HK$m**	**Commo-dities finance ('CF') HK$m**	**Income Producing Real Estate ('IPRE') HK$m**	**Total HK$m**	**RWA HK$m**	**EL HK$m**
Strong^	Less than 2.5 years	**4,207**	**253**	**50%**	**–**	**–**	**–**	**4,265**	**4,265**	**2,133**	**–**
Strong	Less than 2.5 years	**40**	**–**	**70%**	**–**	**–**	**–**	**40**	**40**	**28**	**–**
Strong	Equal to or more than 2.5 years	**2,185**	**83**	**70%**	**–**	**–**	**–**	**2,216**	**2,216**	**1,551**	**9**
Good^	Less than 2.5 years	**7,626**	**1,040**	**70%**	**–**	**–**	**–**	**7,742**	**7,742**	**5,419**	**31**
Good	Less than 2.5 years	**–**	**701**	**90%**	**–**	**–**	**–**	**281**	**281**	**253**	**2**
Good	Equal to or more than 2.5 years	**5,639**	**41**	**90%**	**–**	**–**	**–**	**5,649**	**5,649**	**5,084**	**45**
Satisfactory		**11,088**	**629**	**115%**	**–**	**–**	**–**	**11,246**	**11,246**	**12,932**	**316**
Weak		**2,590**	**250**	**250%**	**–**	**–**	**–**	**2,688**	**2,688**	**6,719**	**215**
Default		**9,534**	**–**	**0%**	**–**	**–**	**–**	**9,534**	**9,534**	**–**	**4,767**
Total		**42,909**	**2,997**		**–**	**–**	**–**	**43,661**	**43,661**	**34,119**	**5,385**

^ Use of preferential risk weights.

Compared with the position as at 31 December 2025, On-balance sheet amount decreased by HK$10.0bn primarily due to a drop in corporate lending under supervisory slotting criteria approach. EAD amount and EL decreased by HK$10.0bn and HK$5.2bn accordingly. RWA increased by HK$2.0bn mainly due to customer downgrade.

Credit risk under standardised approach

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

As at 30 Jun 2026		0% HK$ m	10% HK$ m	15% HK$ m	20% HK$ m	25% HK$ m	30% HK$ m	35% HK$ m	40% HK$ m	45% HK$ m	50% HK$ m	60% HK$ m	65% HK$ m	70% HK$ m	75% HK$ m	80% HK$ m	85% HK$ m	90% HK$ m	100% HK$ m	105% HK$ m	110% HK$ m	130% HK$ m	150% HK$ m	250% HK$ m	400% HK$ m	1250% HK$m	Other HK$ m	Total credit exposure amount (post-CCF and post-CRM) HK$m
1	Sovereign exposures	3,325	–	–	479	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3,804
2	PSE exposures	11,439	–	–	18,777	–	–	–	–	–	12	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	30,228
3	Multilateral development bank exposures	30,549	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	30,549
3a	Unspecified multilateral body exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Bank exposures	–	–	–	8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	201	–	–	–	–	209
4a	Qualifying non-bank financial institution exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Eligible covered bond exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	General corporate exposures	–	–	–	815	–	–	–	–	–	2,408	–	–	–	2,339	–	421	–	25,552	–	–	–	–	–	–	–	–	31,535
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	–	–	–	–	–	–	–	–	–	2,408	–	–	–	–	–	260	–	7,875	–	–	–	–	–	–	–	–	10,543
6b	Specialised lending	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	45	–	–	–	45
7a	Significant capital investments in commercial entities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3,773	27	–	–	3,800

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

As at 30 Jun 2026		0% HK$m	10% HK$m	15% HK$m	20% HK$m	25% HK$m	30% HK$m	35% HK$m	40% HK$m	45% HK$m	50% HK$m	60% HK$m	65% HK$m	70% HK$m	75% HK$m	80% HK$m	85% HK$m	90% HK$m	100% HK$m	105% HK$m	110% HK$m	130% HK$m	150% HK$m	250% HK$m	400% HK$m	1250% HK$m	Other HK$m	Total credit exposure amount (post-CCF and post-CRM) HK$m
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	**Retail exposures**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8**	**–**	**–**	**–**	**–**	**5,236**	**–**	**–**	**–**	**5,640**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**438**	**11,322**
8a	Exposures arising from IPO financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	**Real estate exposures**	**–**	**–**	**–**	**10,316**	**2,342**	**3,109**	**10**	**105**	**–**	**54**	**463**	**–**	**114**	**1,218**	**–**	**462**	**3**	**3,951**	**–**	**–**	**–**	**192**	**–**	**–**	**–**	**14**	**22,353**
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–	–	10,131	2,342	2,623	–	105	–	54	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	14	15,269
9b	Of which: no loan splitting applied	–	–	–	10,131	2,342	2,623	–	105	–	54	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	14	15,269
9c	Of which: loan splitting applied (secured)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9d	Of which: loan splitting applied (unsecured)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	486	10	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	496

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

As at 30 Jun 2026		0% HK$ m	10% HK$ m	15% HK$ m	20% HK$ m	25% HK$ m	30% HK$ m	35% HK$ m	40% HK$ m	45% HK$ m	50% HK$ m	60% HK$ m	65% HK$ m	70% HK$ m	75% HK$ m	80% HK$ m	85% HK$ m	90% HK$ m	100% HK$ m	105% HK$ m	110% HK$ m	130% HK$ m	150% HK$ m	250% HK$ m	400% HK$ m	1250 % HK$m	Other HK$ m	Total credit exposure amount (post-CCF and post-CRM) HK$m
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	–	–	–	–	–	463	–	–	–	–	–	–	74	–	–	–	–	–	–	–	–	537
9g	Of which: no loan splitting applied	–	–	–	–	–	–	–	–	–	–	463	–	–	–	–	–	–	74	–	–	–	–	–	–	–	–	537
9h	Of which: loan splitting applied (secured)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9i	Of which: loan splitting applied (unsecured)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	–	–	–	–	–	–	–	114	–	–	–	3	–	–	–	–	–	–	–	–	–	117
9k	Of which: Other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–	–	185	–	–	–	–	–	–	–	–	–	1,218	–	462	–	3,877	–	–	–	–	–	–	–	–	5,742
9l	Of which: no loan splitting applied	–	–	–	185	–	–	–	–	–	–	–	–	–	1,218	–	462	–	3,877	–	–	–	–	–	–	–	–	5,742
9m	Of which: loan splitting applied (secured)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9n	Of which: loan splitting applied (unsecured)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

BANKING DISCLOSURE STATEMENT (unaudited) (continued)

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

		0%	10%	15%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	80%	85%	90%	100%	105%	110%	130%	150%	250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
As at 30 Jun 2026		**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**
9o	Of which: Other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	192	–	–	–	–	192
9p	Of which: land acquisition, development and construction exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Defaulted exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**188**	–	–	–	**1,972**	–	–	–	**28**	**2,188**
11	Other exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11a	Cash and gold	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11b	Items in the process of clearing or settlement	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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

		a	b	c	d
	Risk Weight	**On-balance sheet exposure**	**Off-balance sheet exposure (pre-CCF)**	**Weighted average CCF[1]**	**Exposure (post-CCF and post-CRM)[2]**
		HK$m	**HK$m**	**%**	**HK$m**
1	Less than 40%	**85,435**	**11,077**	**18.1**	**81,200**
2	40-70%	**3,159**	**167**	**10.0**	**3,175**
3	75%	**8,126**	**6,623**	**10.1**	**8,793**
4	85%	**644**	**2,323**	**10.3**	**883**
5	90- 100%	**32,382**	**24,849**	**11.9**	**35,333**
6	105-130%	**247**	**482**	**10.0**	**295**
7	150%	**2,498**	**101**	**10.0**	**2,508**
8	250%	**3,819**	**–**	**–**	**3,819**
9	400%	**27**	**–**	**–**	**27**
10	1250%	**–**	**–**	**–**	**–**
11	**Total exposures at 30 Jun 2026**	**136,337**	**45,622**	**13.0**	**136,033**

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

2 Exposure (post-CCF and post-CRM) is calculated by applying provisioning, CRM measures and then CCFs in relation to both on-balance sheet and off-balance sheet exposures.

Credit risk mitigation

Table 28: CR3 – Overview of recognised credit risk mitigation

		a	b	c	d	e
As at 30 Jun 2026		**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**
1	Loans	**314,220**	**517,995**	**381,016**	**104,421**	–
2	Debt securities	**498,052**	**660**	–	–	–
3	**Total**	**812,272**	**518,655**	**381,016**	**104,421**	–
4	Of which: defaulted	5,281	18,198	8,819	231	–

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

		a	b
As at 30 Jun 2026		**Pre-credit derivatives RWA HK$m**	**Actual RWA HK$m**
1	Corporate – Specialised lending (PF)	–	–
2	Corporate – Specialised lending (OF)	–	–
3	Corporate – Specialised lending (CF)	–	–
4	Corporate – Specialised lending (IPRE)	**34,119**	**34,119**
5	Corporate – Specialised lending (HVCRE)	–	–
6	Corporate – SMEs	**11,602**	**11,602**
7	Corporate – Large corporates	**107,442**	**107,442**
8	Corporate – Financial institutions treated as corporates	**9,654**	**9,654**
9	Corporate – Other corporates	**58,865**	**58,865**
10	Sovereign – Sovereigns	**17,767**	**17,767**
11	Sovereign – Sovereign foreign PSEs	–	–
12	Sovereign – Multilateral development banks	–	–
13	Bank – Banks (excluding covered bonds)	**11,061**	**11,061**
14	Bank – Qualifying non-bank financial institutions	**220**	**220**
15	Bank – PSEs (excluding sovereign foreign public sector entities)	–	–
16	Bank – Unspecified multilateral bodies	–	–
17	Bank – Covered bonds	**1,292**	**1,292**
18	Retail – Small business retail exposures	**486**	**486**
19	Retail – Residential mortgages to individuals	**33,481**	**33,481**
20	Retail – Residential mortgages to property-holding shell companies	**399**	**399**
21	Retail – QRRE (transactor)	**8,734**	**8,734**
22	Retail – QRRE (revolver)	**17,699**	**17,699**
23	Retail – Other retail exposures to individuals	**18,259**	**18,259**
24	CIS –CIS exposures	**609**	**609**
25	Other – Cash items	–	–
26	Other – Other items	**33,469**	**33,469**
27	**Total (under the IRB calculation approaches)**	**365,158**	**365,158**

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

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

		a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
		On-balance sheet amount	**OBS amount**	**On-balance sheet amount**	**OBS amount**	**RWA**	**RWA density**
As at 30 Jun 2026		**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**%**
	Exposure classes						
1	Sovereign exposures	**1,275**	**–**	**3,773**	**31**	**96**	**3**
2	PSE exposures	**28,936**	**3,979**	**28,936**	**1,292**	**3,761**	**12**
3	Multilateral development bank exposures	**30,549**	**–**	**30,549**	**–**	**–**	**–**
3a	Unspecified multilateral body exposures	–	–	–	–	–	–
4	Bank exposures	**209**	**–**	**209**	**–**	**303**	**145**
4a	Qualifying non-bank financial institution exposures	–	–	–	–	–	–
5	Eligible covered bond exposures	**–**	**–**	**–**	**–**	**–**	**–**
6	General corporate exposures	**32,059**	**23,304**	**28,958**	**2,577**	**29,030**	**92**
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	9,501	8,518	9,501	1,042	9,300	88
6b	Specialised lending	–	–	–	–	–	–
7	Equity exposures	**45**	**–**	**45**	**–**	**114**	**250**
7a	Significant capital investments in commercial entities	–	–	–	–	–	–
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	**3,800**	**–**	**3,800**	**–**	**9,542**	**251**
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	–	–	–	–	–	–
8	Retail exposures	**15,126**	**14,720**	**10,326**	**996**	**10,118**	**89**
8a	Exposures arising from IPO financing	–	–	–	–	–	–
9	Real estate exposures	**22,150**	**3,619**	**21,977**	**376**	**9,566**	**43**
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	15,266	38	15,265	4	3,474	23
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	490	56	490	6	149	30
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	537	–	537	–	352	66
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	117	–	117	–	83	70
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	5,550	3,507	5,378	364	5,220	91
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	190	18	190	2	288	150
9g	Of which: land acquisition, development and construction exposures	–	–	–	–	–	–

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

		a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
		On-balance sheet amount	**OBS amount**	**On-balance sheet amount**	**OBS amount**	**RWA**	**RWA density**
As at 30 Jun 2026		**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**%**
	Exposure classes						
10	Defaulted exposures	**2,188**	**–**	**2,188**	**–**	**3,145**	**144**
11	Other exposures	**–**	**–**	**–**	**–**	**–**	**–**
11a	Cash and gold	–	–	–	–	–	–
11b	Items in the process of clearing or settlement	–	–	–	–	–	–
12	**Total**	**136,337**	**45,622**	**130,761**	**5,272**	**65,675**	**48**

Pre-CCF and pre-CRM for OBS exposures and post-CCF and post-CRM for OBS exposures decreased by HK$2.7bn and HK$1.0bn respectively in the first half of 2026, primarily due to a reduction in other commitments from PSE exposures.

Counterparty credit risk exposures

Counterparty credit risk exposures

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

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

		a	b	c	d	e	f
		RC	PFE	Effective Expected Positive Exposure ('EEPE')	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
As at 30 Jun 2026		**HK$m**	**HK$m**	**HK$m**		**HK$m**	**HK$m**
1	SA-CCR approach (for derivative contracts)	**4,231**	**15,646**		**1.4**	**27,828**	**7,300**
1a	CEM (for derivative contracts)	–	–		**N/A**	–	–
1b	Method for group 2b cryptoasset derivative contracts			–	**N/A**	–	–
2	IMM (CCR) approach			–	–	–	–
3	Simple Approach (for SFTs)					–	–
4	Comprehensive approach (for SFTs)					**11,631**	**1,452**
5	Value at risk ('VaR') (for SFTs)					–	–
6	**Total**						**8,752**

CCR RWA increased by HK$2.1bn compared with December 2025, mainly due to an increase in default risk exposures.

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

	a	b	c	d	e	f
	Derivative contracts				**SFTs**	
	Fair value of recognised collateral received		**Fair value of posted collateral**		**Fair value of recognised collateral received**	**Fair value of posted collateral**
	Segregated	**Unsegregated**	**Segregated**	**Unsegregated**		
As at 30 Jun 2026	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**
Cash – domestic currency	–	**318**	–	**216**	**3,183**	**3,736**
Cash – other currencies	–	**4,968**	–	**1,533**	**95,600**	**193,970**
Domestic sovereign debt	–	–	–	–	**1,604**	**198**
Other sovereign debt	**2,192**	–	–	–	**55,255**	**80,090**
Government agency debt	–	–	–	–	–	–
Corporate bonds	–	–	–	–	**105,308**	**41,035**
Equity securities	–	–	–	–	**46,449**	–
Other collateral	**214**	–	–	–	–	–
Total	**2,406**	**5,286**	–	**1,749**	**307,399**	**319,029**

Table 33: CCR8 – Exposures to CCPs

		a	b
		Exposure after CRM	**RWA**
	As at 30 Jun 2026	**HK$m**	**HK$m**
1	**Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)**		**276**
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	**6,805**	**262**
3	(i) Over-the-counter ('OTC') derivative transactions	6,805	262
4	(ii) Exchange-traded derivative contracts	–	–
5	(iii) SFTs	–	–
6	(iv) Netting sets subject to valid cross-product netting agreements	–	–
7	Segregated initial margin	–	
8	Unsegregated initial margin	**240**	**10**
9	Funded default fund contributions	**204**	**4**
10	Unfunded default fund contributions	–	–
11	**Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)**		–
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	–	–
13	(i) OTC derivative transactions	–	–
14	(ii) Exchange-traded derivative contracts	–	–
15	(iii) SFTs	–	–
16	(iv) Netting sets subject to valid cross-product netting agreements	–	–
17	Segregated initial margin	–	
18	Unsegregated initial margin	–	–
19	Funded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

Counterparty credit risk under internal ratings-based approach

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

		a	b	c	d	e	f	g
As at 30 Jun 2026		**EAD post-CRM**	**Average PD**	**Number of obligors**	**Average LGD**	**Average maturity**	**RWA**	**RWA density**
	PD scale	**HK$m**	**%**		**%**	**years**	**HK$m**	**%**
Sovereign (AIRB)	0.00 to < 0.15	**1,334**	**0.13**	**3**	**45.0**	**0.45**	**320**	**24**
	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	**1,334**	**0.13**	**3**	**45.0**	**0.45**	**320**	**24**
Bank (FIRB)	0.00 to < 0.15	**28,686**	**0.05**	**94**	**45.0**	**0.72**	**3,919**	**14**
	0.15 to < 0.25	**255**	**0.22**	**9**	**45.0**	**0.52**	**87**	**34**
	0.25 to < 0.50	**76**	**0.37**	**4**	**45.0**	**0.83**	**35**	**47**
	0.50 to < 0.75	**46**	**0.63**	**1**	**45.0**	**1.00**	**35**	**77**
	0.75 to < 2.50	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	**29,063**	**0.06**	**108**	**45.0**	**0.72**	**4,076**	**14**
Corporate (AIRB)	0.00 to < 0.15	–	–	–	–	–	–	–
	0.15 to < 0.25	–	–	–	–	–	–	–
	0.25 to < 0.50	–	–	–	–	–	–	–
	0.50 to < 0.75	–	–	–	–	–	–	–
	0.75 to < 2.50	–	–	–	–	–	–	–
	2.50 to < 10.00	–	–	–	–	–	–	–
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	–	–	–	–	–	–	–
Corporate (FIRB)	0.00 to < 0.15	**1,784**	**0.09**	**38**	**41.4**	**0.95**	**302**	**17**
	0.15 to < 0.25	**3,485**	**0.22**	**21**	**41.6**	**0.79**	**1,005**	**29**
	0.25 to < 0.50	**362**	**0.37**	**19**	**40.1**	**0.95**	**141**	**39**
	0.50 to < 0.75	**336**	**0.63**	**8**	**40.0**	**1.00**	**176**	**52**
	0.75 to < 2.50	**1,318**	**1.45**	**43**	**40.0**	**0.99**	**986**	**75**
	2.50 to < 10.00	**452**	**5.17**	**11**	**40.0**	**1.00**	**531**	**118**
	10.00 to < 100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	**7,737**	**0.71**	**140**	**41.1**	**0.89**	**3,141**	**41**
Total (sum of all portfolios)		**38,134**	**0.19**	**251**	**44.2**	**0.74**	**7,537**	**20**

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

Counterparty credit risk under standardised approach

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

		a	b	c	ca	cb	d	e	ea	f	g	h	i
As at 30 Jun 2026		**0%**	**10%**	**20%**	**30%**	**40%**	**50%**	**75%**	**85%**	**100%**	**150%**	**Others**	**Total default risk exposure after CRM**
	Risk Weight	**HK\$m**	**HK\$m**	**HK\$m**	**HK\$m**	**HK\$m**	**HK\$m**	**HK\$m**	**HK\$m**	**HK\$m**	**HK\$m**	**HK\$m**	**HK\$m**
	Exposure class												
1	Sovereign exposures	–	–	–	–	–	–	–	–	–	–	–	–
2	PSE exposures	–	–	**149**	–	–	–	–	–	–	–	–	**149**
3	Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–	–
4	Unspecified multilateral body exposures	–	–	–	–	–	–	–	–	–	–	–	–
5	Bank exposures	–	–	–	–	–	–	–	–	–	–	–	–
6	Qualifying non-bank financial institution exposures	–	–	–	–	–	–	–	–	–	**15**	–	**15**
7	General corporate exposures	–	–	–	–	–	–	–	–	**922**	–	–	**922**
8	Retail exposures	–	–	–	–	–	–	–	–	**239**	–	–	**239**
9	Defaulted exposures	–	–	–	–	–	–	–	–	–	–	–	–
10	Other exposures	–	–	–	–	–	–	–	–	–	–	–	–
11	**Total**	–	–	**149**	–	–	–	–	–	**1,161**	**15**	–	**1,325**

Credit valuation adjustment risk

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

		a	b
As at 30 Jun 2026		**Components** **HK\$m**	**CVA risk capital charge under the reduced basic CVA approach** **HK\$m**
1	Aggregation of systematic components of CVA risk	**1,655**	
2	Aggregation of idiosyncratic components of CVA risk	**954**	
3	**Total**		**760**

CVA risk capital charge decreased by HK\$0.1bn in the first half of 2026, mainly due to the net effect of a reduction of effective maturity and an increase in default risk exposures.

Market risk

Market risk under standardised approach

Table 37: MR1 – Market risk under STM approach

		a
		Market risk capital charges under STM approach
As at 30 Jun 2026		**HK$m**
1	General interest rate risk	**163**
2	Equity risk	**1**
3	Commodity risk	**338**
4	Foreign exchange risk	**460**
5	Credit spread risk (non-securitisation)	**207**
6	Credit spread risk (securitisation: non-correlation trading portfolio ('CTP'))	**–**
7	Credit spread risk (securitisation: CTP)	**–**
8	Standardised default risk charge ('SA-DRC') (non-securitisation)	**98**
9	SA-DRC (securitisation: non-CTP)	**–**
10	SA-DRC (securitisation: CTP)	**–**
11	Group 2a cryptoasset exposures	**–**
12	Residual risk add-on	**227**
13	**Total**	**1,494**

Total market risk capital charges under the STM approach as of 30 June 2026 were higher compared to 31 December 2025. The increase was mainly attributable by changes in commodity risk positions and residual risk add-on.

Liquidity information

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

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

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

Table 38:Average liquidity coverage ratio

	Quarter ended
	30 Jun 2026
	%
Average LCR	**246.9**

The liquidity position of the Group is strong and well above the statutory requirement of 100%. The average LCR was 246.9% for the quarter ended 30 June 2026. The quarter-on-quarter movement in the average LCR was mainly driven by higher net cash outflows and lower HQLA, alongside an increase in commercial surplus that was redeployed into securities lending transactions.

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 39:Total weighted amount of high-quality liquid assets

	Weighted value (average) for the quarter ended
	30 Jun 2026
	HK$m
Level 1 assets	**406,909**
Level 2A assets	**59,864**
Level 2B assets	**8,979**
Total weighted amount of HQLA	**475,752**

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

Table 40:Net stable funding ratio

	Quarter ended
	30 Jun 2026
	%
NSFR	**172.3**

The following table sets out the required disclosure items under the Liquidity Coverage Ratio Standard Disclosure Template as specified by the HKMA. Number of data points used in calculating the average value of the LCR and related components set out in this table for the quarter ended on 30 June 2026 was 71.

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

		Quarter ended 30 Jun 2026 (71 data points)	
		a	b
	Basis of disclosure: consolidated	**Unweighted value (average)**	**Weighted value (average)**
		HK$m	**HK$m**
A	**HQLA**		
1	Total HQLA		**475,752**
B	**Cash outflows**		
2	Retail deposits and small business funding, of which:	**1,022,628**	**83,588**
3	Stable retail deposits and stable small business funding	266,773	8,003
4	Less stable retail deposits and less stable small business funding	755,855	75,585
4a	Retail term deposits and small business term funding	–	–
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	**228,455**	**102,626**
6	Operational deposits	26,723	5,957
7	Unsecured wholesale funding (other than small business funding) not covered in row 6	199,395	94,332
8	Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period	2,337	2,337
9	Secured funding transactions (including securities swap transactions)		**7,887**
10	Additional requirements, of which:	**207,532**	**37,162**
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	10,631	10,631
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	6,808	6,808
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	190,093	19,723
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	**33,942**	**33,942**
15	Other contingent funding obligations (whether contractual or non-contractual)	**317,174**	**1,699**
16	**Total cash outflows**		**266,904**
C	**Cash inflows**		
17	Secured lending transactions (including securities swap transactions)	**74,479**	**28,465**
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	**86,475**	**34,636**
19	Other cash inflows	**19,613**	**10,534**
20	**Total cash inflows**	**180,567**	**73,635**
D	**LCR (adjusted value)**		
21	Total HQLA		**475,752**
22	Total net cash outflows		**193,269**
23	LCR (%)		**246.9**

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

		a	b	c	d	e
		Quarter ended 30 Jun 2026				
		Unweighted value by residual maturity				
	Basis of disclosure: consolidated	**No specified term to maturity**	**<6 months or repayable on demand**	**6 months to < 12 months**	**12 months or more**	**Weighted amount**
		HK$m	**HK$m**	**HK$m**	**HK$m**	**HK$m**
A	**ASF item**					
1	Capital:	**152,096**	**–**	**–**	**–**	**152,096**
2	Regulatory capital	152,096	–	–	–	152,096
2a	Minority interests not covered by row 2	–	–	–	–	–
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and small business funding:	**–**	**1,022,131**	**–**	**–**	**933,264**
5	Stable deposits		266,920	–	–	253,574
6	Less stable deposits		755,211	–	–	679,690
7	Wholesale funding:	**–**	**405,392**	**10,296**	**10**	**140,430**
8	Operational deposits		26,088	–	–	13,044
9	Other wholesale funding	–	379,304	10,296	10	127,386
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	**36,752**	**41,908**	**17,904**	**16,089**	**25,041**
12	Net derivative liabilities	–				
13	All other funding and liabilities not included in the above categories	36,752	41,908	17,904	16,089	25,041
14	**Total ASF**					**1,250,831**
B	**RSF item**					
15	Total HQLA for NSFR purposes[1]			**439,146**		**18,790**
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	**38,930**	**414,040**	**95,866**	**546,016**	**570,283**
18	Performing loans to financial institutions secured by Level 1 HQLA	–	43,027	–	–	4,303
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	2	177,473	13,058	10,640	43,792
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:	35,676	167,372	67,851	147,825	273,064
21	With a risk-weight of less than or equal to 35% under the STC approach	31	385	46	2,584	1,914
22	Performing residential mortgages, of which:	–	7,668	7,786	318,786	225,122
23	With a risk-weight of less than or equal to 35% under the STC approach	–	7,000	7,009	267,867	181,119
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	3,252	18,500	7,171	68,765	24,002
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	**135,482**	**31,799**	**995**	**1,045**	**127,630**
27	Physical traded commodities, including gold	49,231				41,846
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	5,323				4,524
29	Net derivative assets	8				8
30	Total derivative liabilities before adjustments for deduction of variation margin posted	3,881				194
31	All other assets not included in the above categories	77,039	31,799	995	1,045	81,058
32	OBS items[1]			**507,674**		**9,312**
33	**Total RSF**					**726,015**
34	**NSFR (%)**					**172.3**

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

		a	b	c	d	e
		Quarter ended 31 Mar 2026				
		Unweighted value by residual maturity				
	Basis of disclosure: consolidated	**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**	**Weighted amount HK$m**
A	**ASF item**					
1	Capital:	169,209	–	–	–	169,209
2	Regulatory capital	169,209	–	–	–	169,209
2a	Minority interests not covered by row 2	–	–	–	–	–
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and small business funding:	–	1,044,129	–	–	953,257
5	Stable deposits		270,828	–	–	257,286
6	Less stable deposits		773,301	–	–	695,971
7	Wholesale funding:	–	308,273	9,975	47	132,969
8	Operational deposits		28,770	–	–	14,385
9	Other wholesale funding	–	279,503	9,975	47	118,584
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	37,863	39,026	8,740	23,727	28,098
12	Net derivative liabilities	–				
13	All other funding and liabilities not included in the above categories	37,863	39,026	8,740	23,727	28,098
14	**Total ASF**					1,283,533
B	**RSF item**					
15	Total HQLA for NSFR purposes[1]		478,722			20,606
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	39,214	350,211	88,862	513,797	554,314
18	Performing loans to financial institutions secured by Level 1 HQLA	–	29,694	–	–	2,969
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1	142,850	11,561	9,542	36,752
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:	35,623	152,357	65,678	147,876	264,812
21	With a risk-weight of less than or equal to 35% under the STC approach	37	349	38	859	775
22	Performing residential mortgages, of which:	–	7,864	7,744	317,438	224,192
23	With a risk-weight of less than or equal to 35% under the STC approach	–	6,959	6,963	267,169	180,621
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	3,590	17,446	3,879	38,941	25,589
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	150,827	18,242	988	1,045	142,296
27	Physical traded commodities, including gold	50,522				42,944
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	3,954				3,361
29	Net derivative assets	47				47
30	Total derivative liabilities before adjustments for deduction of variation margin posted	3,674				184
31	All other assets not included in the above categories	92,630	18,242	988	1,045	95,760
32	OBS items[1]			501,558		9,347
33	**Total RSF**					726,563
34	**NSFR (%)**					176.7

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

Asset encumbrance

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

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

Table 43: ENC – Asset encumbrance

	(a)	(c)	(d)
	Encumbered assets	**Unencumbered assets**	**Total**
As at 30 Jun 2026	**HK$m**	**HK$m**	**HK$m**
Financial investments	**66,659**	**432,929**	**499,588**
Trading assets	**7,153**	**22,157**	**29,310**
Assets other than Financial investments and Trading assets	**3,950**	**1,143,020**	**1,146,970**
Total Assets	**77,762**	**1,598,106**	**1,675,868**

During the first half of 2026, the increase in encumbered assets was driven by the growth in repurchase agreement transactions which led to higher volume of debt securities being pledged as collaterals.

Other disclosures

Mainland activities

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

Table 44: Mainland activities

As at 30 Jun 2026		On-balance sheet exposure HK$m	OBS exposure HK$m	Total exposures HK$m
	Types of counterparties			
1	Central government, central government-owned entities and their subsidiaries and joint ventures ('JVs')	**32,648**	**3,951**	**36,599**
2	Local governments, local government-owned entities and their subsidiaries and JVs	**19,994**	**2,756**	**22,750**
3	People's Republic of China ('PRC') nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	**96,200**	**11,670**	**107,870**
4	Other entities of central government not reported in item 1 above	**4,051**	**346**	**4,397**
5	Other entities of local governments not reported in item 2 above	**3,799**	**187**	**3,986**
6	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	**18,216**	**2,007**	**20,223**
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	**9,971**	**728**	**10,699**
	Total	**184,879**	**21,645**	**206,524**
	Total assets after provision	**1,692,428**		
	On-balance sheet exposures as percentage of total assets	**10.92%**		

On-balance sheet exposures as percentage of total assets decreased from 11.04% at 31 December 2025 to 10.92% at 30 June 2026.

International claims

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

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

Table 45: International claims

As at 30 Jun 2026	Banks HK$m	Official sector HK$m	Non-bank financial institutions HK$m	Non-financial private sector HK$m	Total HK$m
Developed countries	**119,677**	**234,308**	**5,214**	**18,995**	**378,194**
– of which: United States	46,112	128,875	2,219	517	177,723
Offshore centres	**68,330**	**33,431**	**11,977**	**127,940**	**241,678**
– of which: Hong Kong SAR	61,205	4,576	10,959	120,482	197,222
Developing Asia and Pacific	**25,461**	**13,762**	**8,470**	**26,556**	**74,249**

At 30 June 2026, only claims on Hong Kong SAR and United States were the individual countries and territories or areas, which were not less than 10% of the Group's total international claims.

Foreign exchange positions

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

The Group had the following net structural foreign currency exposures that were not less than 10% of total net structural foreign currency positions at 30 June 2026:

Table 46: Net structural foreign currency exposures

	Net structural position	
As at 30 Jun 2026	**LCYm**	**HK$m**
Chinese Renminbi ('RMB')	13,782	15,929
US dollar ('USD')	1,627	12,763

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 2026:

Table 47: Non-structural foreign currency positions

	USD	**RMB**
As at 30 Jun 2026	**HK$m**	**HK$m**
Spot assets	**415,168**	**151,908**
Spot liabilities	**(362,925)**	**(129,371)**
Forward purchases	**644,898**	**193,554**
Forward sales	**(679,011)**	**(215,305)**
Net options positions	**(12,486)**	**54**
Net long (net short) position[1]	**5,644**	**840**

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

A summary of the Group's current policies and practices for the management of foreign currency exposures is set out in page 75 of the Group's 2025 Annual Report.

Other information

Abbreviations

The following abbreviated terms are used throughout this document.

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

S	
SA-CCR	Standardised (counterparty credit risk)
SA-DRC	Standardised default risk charge
SEC-ERBA	Securitisation external ratings-based approach
SEC-FBA	Securitisation fall-back approach
SEC-IRBA	Securitisation internal ratings-based approach
SEC-SA	Securitisation standardised approach
SFT	Securities financing transaction
SME	Small and medium-sized enterprises
SRW	Supervisory risk-weight
SSTM	Simplified standardised
STM	Standardised (market risk)
T	
T1	Tier 1
T2	Tier 2
TC	Total regulatory capital
TLAC	Total Loss-absorbing Capacity
U	
USD	US dollar
V	
VaR	Value at risk