

Hang Seng Bank Limited
Macau Branch

*Financial disclosure
(unaudited)*

for the six-month period ended 30 June 2022

Balance sheet

(Expressed in thousands of Macau Patacas)

	At of 30 June 2022	At of 31 December 2021
Assets		
Cash and balances with banks		
- Cash in hand	18,530	24,122
- Demand deposits	2,812,411	2,759,938
- Bank placements	1,364,060	1,256,978
Deposits with AMCM	278,905	195,751
Loans and advances to customers	14,509,542	14,358,974
Other assets		
- Accrued interest and income receivables	13,371	9,919
- Items in course of collection from other banks	72	10,823
- Prepayment and others [#]	376,809	9,263
Tangible fixed assets	19,506	22,444
Deferred income tax assets	-	1,541
Total Assets	19,393,206	18,649,753
Liabilities		
Deposits from customers	1,467,448	1,725,306
Deposits and balances from banks	15,806,995	15,406,022
Other liabilities		
- Interest payable	7,292	2,819
- Income received in advance	720	606
- Items in course of transmission to other banks	835	1,377
- Accruals, provisions and others [#]	388,767	25,992
Income tax liabilities	29,733	18,096
Total liabilities	17,701,790	17,180,218
Equity		
Capital	52,300	52,300
Regulatory Reserve	269,061	-
Profit and loss account balance brought forward	1,296,182	1,280,435
Profit and loss for the year	73,873	136,800
Total equity	1,691,416	1,469,535
Total equity and liabilities	19,393,206	18,649,753

* Effective from 28 March 2020, MFRS under Administrative Regulation No. 25/2005 on 9 December 2005 were replaced by Financial Reporting Standards issued by the Directive of Secretaria para a Economia e Finanças No. 44/2020 on 17 March 2020 ('New MFRS'). The New MFRS is mandatory for adoption from the annual period beginning 1 January 2022. The comparative figures have not been restated for the period ended as at 31 December 2021.

[#] According to the New MFRS, acceptance was reclassified from Off balance sheet item to On balance sheet item for the period ended 30 June 2022 and include in other assets and other liabilities.

Income statement

(Expressed in thousands of Macau Patacas)

	At of 30 June 2022	At of 30 June 2021
Interest income		
- from loans and advances	121,964	118,685
- from balances with banks	5,146	2,692
Interest expense		
- on customer deposits	(1,747)	(1,597)
- on balances from banks	(19,776)	(14,060)
Net interest income	105,587	105,720
Fee and commission income		
- Trade finance	5,567	5,659
- Credit facilities	233	313
- Remittance	903	818
- Others	3,003	3,716
Fee and commission expense	(3,818)	(3,920)
Net trading loss - foreign exchange	(94)	(53)
Net Fee and commission income	5,794	6,533
Other operating income	1	-
Total operating income	111,382	112,253
Operating expenses		
- Staff costs	(19,266)	(18,023)
- Depreciation	(3,058)	(3,032)
- Other operating expenses	(11,762)	(13,827)
Operating profit before loan impairment charge	77,296	77,371
Change in expected credit losses and other credit impairment charges	9,755	-
Loan impairment charge	-	(16,443)
Profit before income tax	87,051	60,928
Taxation	(13,178)	(7,156)
Profit for the period	73,873	53,772

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Cash flow statement

(Expressed in thousands of Macau Patacas)

	<i>Half-year ended 30 June 2022</i>	<i>Half-year ended 30 June 2021</i>
	<i>Amount</i>	<i>Amount</i>
Cash flows from operating activities		
Profit before income tax	87,051	60,928
Depreciation	3,058	3,032
Loan impairment (release) / charge	(9,755)	16,443
Interest income	(127,110)	(121,377)
Interest expense	21,523	15,657
Interest received	123,888	123,016
Interest paid	(17,051)	(17,753)
Decrease in minimum deposits with AMCM	7,452	901
Decrease / (Increase) in gross loans and advances to customers	7,571	(1,213,645)
(Increase) / Decrease in other assets	(795)	1,452
(Increase) / Decrease in balances with banks with original maturity more than three months	(76,676)	51,992
Decrease in deposits from customers	(257,858)	(73,507)
Increase in deposits and balances from banks	400,973	630,607
Decrease in other liabilities	(4,400)	(11,795)
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Cash inflow / (outflow) from operating activities before taxation	157,871	(534,049)
Macau complementary tax paid	-	-
Withholding tax refund received	-	-
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Cash inflow / (outflow) from operating activities	157,871	(534,049)
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Cash flows from investing activities		
Purchase of tangible fixed assets	(121)	(9)
Proceeds from redemption of investments	-	-
Payment for purchase of investments	-	-
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Cash outflow from investing activities	(121)	(9)
	<hr/>	<hr/>
Increase / (Decrease) in cash and cash equivalents	157,750	(534,058)
Cash and cash equivalents at 1 January	3,494,915	3,860,021
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Cash and cash equivalents at 30 June	3,652,665	3,325,963
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For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.		
Cash and balances with banks	3,400,376	3,121,336
Deposits with AMCM in excess of minimum statutory requirement	253,052	207,690
Items in course of collection from other banks	72	8,928
Items in course of transmission to other banks	(835)	(11,991)
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	3,652,665	3,325,963
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Off-balance sheet exposures

(a) *Contingent liabilities and commitments*

(Expressed in thousands of Macau Patacas)

As at 30 June 2022	Amount
Direct credit substitutes*	647,493
Transaction-related contingencies	179,585
Trade-related contingencies	448,780
Undrawn formal standby facilities, credit lines and other commitments to lend	3,947,681
	5,223,539

*According to the New MFRS, acceptance on trade bills were re-classed from Off balance sheet item to On balance sheet item for the period ended 30 June 2022.

(Expressed in thousands of Macau Patacas)

As at 31 December 2021	Amount
Bank guarantees	617,873
Commitments:	
Trade-related contingencies	567,684
Acceptance on trade bills	446,572
Undrawn formal standby facilities, credit lines and other commitments to lend	3,930,552
	4,944,808

**The comparative figures have not been restated for the period ended as at 31 December 2021.

(b) *Lease commitments*

The Branch leases a number of properties under operating leases. The leases typically run for a period of one to three years, with an option to renew the leases when all terms are renegotiated. None of the leases includes contingent rentals.

The total future minimum lease payments under non-cancellable operating leases are as follows:

(Expressed in thousands of Macau Patacas)

	As at 30 June 2022	As at 31 December 2021
	Amount	Amount
Not later than one year	7,617	7,620
Later than one year and not later than five years	12,596	16,348
	20,213	23,968

Derivative transactions

The following table gives the notional contract amounts, marked to market value of assets and liabilities, credit equivalent amounts and risk-weighted amounts.

(Expressed in thousands of Macau Patacas)

<i>As at 30 June 2022</i>					
	<i>Contract amount</i>	<i>Derivative assets</i>	<i>Derivative liabilities</i>	<i>Credit equivalent amount</i>	<i>Risk-weighted amount</i>
Exchange rate contracts – Forward contracts	-	-	-	-	-
Interest rate contracts	-	-	-	-	-
Equities contracts	-	-	-	-	-
Commodities contracts	-	-	-	-	-
Others	-	-	-	-	-

(Expressed in thousands of Macau Patacas)

<i>As at 31 December 2021</i>					
	<i>Contract amount</i>	<i>Derivative assets</i>	<i>Derivative liabilities</i>	<i>Credit equivalent amount</i>	<i>Risk-weighted amount</i>
Exchange rate contracts – Forward contracts	-	-	-	-	-
Interest rate contracts	-	-	-	-	-
Equities contracts	-	-	-	-	-
Commodities contracts	-	-	-	-	-
Others	-	-	-	-	-

Statement of Changes in Equity

(Expressed in thousands of Macau Patacas)

	Capital	Regulatory reserves	Other reserve / Revaluation reserve	Retained earnings	Total equity
Balance as at 31 December 2021	52,300	-	-	1,417,235	1,469,535
Reinstate of General Provision and Specific Provision	-	-	-	192,205	192,205
Impact of adopting MFRS 9 on 1 January 2022 (ECL)	-	-	-	(44,197)	(44,197)
Balance as at 1 January 2022	52,300	-	-	1,565,243	1,617,543
Regulatory reserve Requirement	-	269,061	-	(269,061)	-
Total comprehensive income	-	-	-	73,873	73,873
Balance as at 30 June 2022	52,300	269,061	-	1,370,055	1,691,416

As at 30 June 2022, MOP269,061K (31 December 2021: Nil) was earmarked as the Regulatory reserve from the retained earnings. Retained profits are the cumulative net earnings that have not been paid out as dividends, but retained to be reinvested in the business. The regulatory reserve is maintained to satisfy the provisions of the AMCM Notice No.12/2021 for prudential supervision purposes. Movements in the reserves are made directly through retained earnings.

Transition impact of adopting MFRS 9 on 1 January 2022

The table below reflects the impact of adopting MFRS 9 on the Bank's opening balance sheet as at 1 January 2022:

(Expressed in thousands of Macau Patacas)

	31 December 2021 HKAS 39	Transitional impact of classification and measurement	Transitional impact of ECL	1 January 2022 MFRS 9
Assets				
Cash and balances with banks				
- Cash in hand	24,122	-	-	24,122
- Demand deposits	2,759,938	-	(35)	2,759,903
- Bank placements	1,256,978	-	-	1,256,978
Deposits with AMCM	195,751	-	-	195,751
Loans and advances to customers	14,358,974	-	148,381	14,507,355
Other assets				
- Accrued interest and income receivables	9,919	-	-	9,919
- Items in course of collection from other banks	10,823	-	-	10,823
- Acceptances	-	446,572	-	446,572
- Prepayment and others	9,263	-	-	9,263
Tangible fixed assets	22,444	-	-	22,444
Deferred income tax assets	1,541	-	-	1,541
Total Assets	18,649,753	446,572	148,346	19,244,671
Liabilities				
Deposits from customers	1,725,306	-	-	1,725,306
Deposits and balances from banks	15,406,022	-	-	15,406,022
Other liabilities				
- Interest payable	2,819	-	-	2,819
- Deferred income	606	-	-	606
- Items in course of transmission to other banks	1,377	-	-	1,377
- Accruals, provisions and others	25,992	-	338	26,330
- Acceptances	-	446,572	-	446,572
Current income tax liabilities	18,096	-	-	18,096
Total liabilities	17,180,218	446,572	338	17,627,128
Total equity	1,469,535	-	148,008	1,617,543

Material related-party transactions

(a) *Transactions with Head Office, a subsidiary of Head Office and other related companies*

The aggregate amount of income and expenses arising from these transactions during the year, at 30 June 2022 and 30 June 2021 are as follows:

(Expressed in thousands of Macau Patacas)

	<i>As at 30 June 2022</i>	<i>As at 30 June 2021</i>
	Amount	Amount
Interest income from Head Office and a subsidiary of Head Office	3,345	2,296
Interest expenses to Head Office	(19,776)	(14,060)
Fee and commission paid to Head Office and a subsidiary of Head Office	(3,541)	(3,592)
Management fee paid to Head Office	(4,830)	(4,643)
Operating expenses paid to other related companies	(265)	(457)
	<u>(25,067)</u>	<u>(20,456)</u>

The balances with Head Office and a subsidiary of Head office at 30 June 2022 and 31 December 2021 are as follows:

(i) Assets

(Expressed in thousands of Macau Patacas)

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
	Amount	Amount
Cash and balances with banks		
- Demand deposits	133,513	192,923
- Placement	1,364,060	1,256,978
Other assets		
- Interest receivables	1,959	429
- Derivative financial instruments	-	-

(ii) Liabilities

(Expressed in thousands of Macau Patacas)

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
	Amount	Amount
Deposits and balances from banks		
- Demand and placements from banks	15,806,995	15,406,022
Other liabilities		
- Interest payable	5,999	2,269
- Derivative financial instruments	-	-

Material related-party transactions (continued)

(b) **Key management personnel's remuneration**

During the first six-month period, the remuneration of key management personnel, which is included in "staff cost", at 30 June 2022 and 30 June 2021 are as follows:

(Expressed in thousands of Macau Patacas)

	<i>As at 30 June 2022</i>	<i>As at 30 June 2021</i>
	Amount	Amount
Executive officers	1,852	1,771

(c) **Material transactions with key management personnel**

During the first six-month period at 30 June 2022 and year ended 31 December 2021, the Branch did not provide credit facilities to key management personnel of the Branch and its Head Office, their close family members and companies controlled or significantly influenced by them.

Credit risk

(a) Geographic distribution of exposure

During the six-month period ended 30 June 2022:

(Expressed in thousands of Macau Patacas)

	Banks	Governments	Public sector entities	Others	Total exposures	Impaired loans and advances	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL
Loans & undrawn commitments*									
– Macau	-	-	-	16,989,080	16,989,080	174,960	(4,071)	(12,249)	(16,726)
– Hong Kong	-	-	-	1,392,239	1,392,239	-	(730)	(477)	-
– Others	-	-	-	109,969	109,969	-	(10)	15	-
	-	-	-	18,491,288	18,491,288	174,960	(4,811)	(12,711)	(16,726)
Debt securities									
– Macau	-	-	-	-	-	-	-	-	-
– Hong Kong	-	-	-	-	-	-	-	-	-
– Others	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Financial derivatives									
– Macau	-	-	-	-	-	-	-	-	-
– Hong Kong	-	-	-	-	-	-	-	-	-
– Others	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

* Undrawn commitments formal standby facilities, credit lines and other commitments to lend are included.

** There is no any assets being written off in 1H 2022.

Credit risk (continued)

(a) Geographic distribution of exposure

For the year ended 31 December 2021:

(Expressed in thousands of Macau Patacas)

	<i>Banks</i>	<i>Governments</i>	<i>Public sector entities</i>	<i>Others</i>	<i>Total exposures</i>	<i>Impaired loans and advances</i>	<i>Specific provision</i>	<i>General provision</i>
Loans & commitments*								
– Macau	-	-	-	16,965,658	16,965,658	37,592	(36,217)	(140,229)
– Hong Kong	-	-	-	1,423,070	1,423,070	-	-	(14,759)
– Others	-	-	-	93,003	93,003	-	-	(1,000)
	-	-	-	18,481,731	18,481,731	37,592	(36,217)	(155,988)
Debt securities								
– Macau	-	-	-	-	-	-	-	-
– Hong Kong	-	-	-	-	-	-	-	-
– Others	-	-	-	-	-	-	-	-
Financial derivatives								
– Macau	-	-	-	-	-	-	-	-
– Hong Kong	-	-	-	-	-	-	-	-
– Others	-	-	-	-	-	-	-	-

* Undrawn formal standby facilities, credit lines and other commitments to lend are included.

Credit risk (continued)

(b) Industry distribution of exposures of loans and advances

During the six-month period ended 30 June 2022:

(Expressed in thousands of Macau Patacas)

	<i>Gross loans and advances</i>	<i>Impaired loans and advances</i>	<i>Stage 1 ECL</i>	<i>Stage 2 ECL</i>	<i>Stage 3 ECL</i>
Agriculture and fisheries	-	-	-	-	-
Mining industries	-	-	-	-	-
Manufacturing industries	-	-	-	-	-
Electricity, gas and water	-	-	-	-	-
Construction and public works	286,590	159,650	(43)	(8)	(1,416)
Wholesale and retail trade	5,087,303	15,310	(1,810)	(1,826)	(15,310)
Restaurants, hotels and similar	-	-	-	-	-
Transport, warehousing and communications	-	-	-	-	-
Non-monetary financial institutions	18,540	-	-	-	-
Gaming	-	-	-	-	-
Exhibition and conference	-	-	-	-	-
Education	-	-	-	-	-
Information technology	-	-	-	-	-
Other industries	5,751,763	-	(2,760)	(10,638)	-
Personal loans	3,399,411	-	(42)	(213)	-
	<u>14,543,607</u>	<u>174,960</u>	<u>(4,655)</u>	<u>(12,685)</u>	<u>(16,726)</u>

For the year ended 31 December 2021**:

(Expressed in thousands of Macau Patacas)

	<i>Gross loans and advances</i>	<i>Impaired loans and advances</i>	<i>Specific provision</i>	<i>General provision</i>
Manufacturing	-	-	-	-
Electricity, gas and water	-	-	-	-
Construction and public works	342,273	-	-	(3,679)
Trade (wholesale and retail)	5,168,284	37,592	(36,217)	(55,143)
Restaurants, hotels and related activities	-	-	-	-
Transport, warehouse and communications	-	-	-	-
Individuals for house purchases	3,294,621	-	-	(35,410)
Individuals for other purposes	155,035	-	-	(1,666)
Others	5,590,966	-	-	(60,090)
	<u>14,551,179</u>	<u>37,592</u>	<u>(36,217)</u>	<u>(155,988)</u>

*The comparative figures have not been restated for the period ended as at 31 December 2021.

Credit risk (continued)

(c) Maturity analysis on assets and liabilities

During the six-month period ended 30 June 2022:

(Expressed in thousands of Macau Patacas)

	<i>Repayable on demand</i>	<i>1 month or less but not repayable on demand</i>	<i>3 months or less but over 1 month</i>	<i>1 year or less but over 3 months</i>	<i>3 years or less but over 1 year</i>	<i>After 3 years</i>	<i>Indefinite period</i>	<i>Total</i>
Assets								
Loans and advances to customers	169,975	4,020,372	401,436	1,456,697	4,868,602	3,592,460	-	14,509,542
Cash and balances with and loans and advances to banks	3,083,993	648,320	568,024	173,569	-	-	-	4,473,906
Certificates of deposits held	-	-	-	-	-	-	-	-
Securities issued by Macau SAR Government and/or AMCM	-	-	-	-	-	-	-	-
Other securities	-	-	-	-	-	-	-	-
Liabilities								
Deposits and balances of banks and financial institutions	2,837,447	4,181,748	280,877	8,506,923	-	-	-	15,806,995
Deposits from public sector entities	-	-	-	-	-	-	-	-
Deposits from holding and associated companies	-	-	-	-	-	-	-	-
Deposits from non-bank customers	905,140	207,874	329,403	25,031	-	-	-	1,467,448
Certificates of deposits issued	-	-	-	-	-	-	-	-
Other securities issued	-	-	-	-	-	-	-	-

Credit risk (continued)

(c) *Maturity analysis on assets and liabilities*

For the year ended 31 December 2021:

(Expressed in thousands of Macau Patacas)

	<i>Repayable on demand</i>	<i>1 month or less but not repayable on demand</i>	<i>3 months or less but over 1 month</i>	<i>1 year or less but over 3 months</i>	<i>3 years or less but over 1 year</i>	<i>After 3 years</i>	<i>Indefinite period</i>	<i>Total</i>
Assets								
Loans and advances to customers	7,955	3,582,219	397,050	1,052,695	1,615,933	7,703,122	-	14,358,974
Cash and balances with and loans and advances to banks	2,946,506	855,341	272,046	162,896	-	-	-	4,236,789
Certificates of deposits held	-	-	-	-	-	-	-	-
Securities issued by Macau SAR Government and/or AMCM	-	-	-	-	-	-	-	-
Other securities	-	-	-	-	-	-	-	-
Liabilities								
Deposits and balances of banks and financial institutions	2,423,432	3,548,213	425,611	9,008,766	-	-	-	15,406,022
Deposits from public sector entities	-	-	-	-	-	-	-	-
Deposits from holding and associated companies	-	-	-	-	-	-	-	-
Deposits from non-bank customers	1,296,776	377,183	35,644	15,703	-	-	-	1,725,306
Certificates of deposits issued	-	-	-	-	-	-	-	-
Other securities issued	-	-	-	-	-	-	-	-

Credit risk (continued)

(d) *Overdue loans and advances to banks*

There were no overdue loans and advances to banks as at 30 June 2022 and 31 December 2021.

(e) *Overdue loans and advances to non-banks customers*

During the six-month period ended 30 June 2022:

(Expressed in thousands of Macau Patacas)

	<i>Gross loans and advances</i>	<i>% of total loans and advances to non-bank customers</i>	<i>Collateral value</i>	<i>Stage 3 ECL</i>
Loans and advances to non-bank customers which have been overdue with respect to either principal or interest for periods of:				
- more than three months but not more than six months	159,650	1.10%	-	(1,416)
- more than six months but not more than one year	-	-	-	-
- more than one year	15,310	0.11%	-	(15,310)
	<u>174,960</u>	<u>1.21%</u>	<u>-</u>	<u>(16,726)</u>

For the year ended 31 December 2021:

(Expressed in thousands of Macau Patacas)

	<i>Gross loans and advances</i>	<i>% of total loans and advances to non-bank customers</i>	<i>Collateral value</i>	<i>Specific Provision</i>
Loans and advances to non-bank customers which have been overdue with respect to either principal or interest for periods of:				
- more than three months but not more than six months	-	-	-	-
- more than six months but not more than one year	-	-	-	-
- more than one year	37,592	0.26%	14,214	(36,217)
	<u>37,592</u>	<u>0.26%</u>	<u>14,214</u>	<u>(36,217)</u>

(f) *Overdue other assets*

There were no overdue other assets as at 30 June 2022 and 31 December 2021.

Credit risk (continued)

(g) *Loans and advances to banks under regulatory asset classification*

There were no loans and advances to banks as at 30 June 2022 and 31 December 2021.

(h) *Loans and advances to non-bank customers and other assets under regulatory asset classification*

During the six-month period ended 30 June 2022:

(Expressed in thousands of Macau Patacas)

	<i>Gross loans and advances</i>	<i>Impaired loans and advances</i>	<i>Collateral value</i>	<i>Stage 1 ECL</i>	<i>Stage 2 ECL</i>	<i>Stage 3 ECL</i>
<i>Loans and advances to non-bank customers</i>						
Pass	14,368,418	-	17,683,733	(4,655)	(12,684)	-
Special Mention	229	-	108,614	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	159,650	159,650	-	-	-	(1,416)
Loss	15,310	15,310	-	-	-	(15,310)
	<u>14,543,607</u>	<u>174,960</u>	<u>17,792,347</u>	<u>(4,655)</u>	<u>(12,684)</u>	<u>(16,726)</u>
<i>Interbank placement</i>						
Pass	1,364,060	-	-	-	-	-
Special Mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
	<u>1,364,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other assets*</i>						
Pass	8,743,075	-	-	(336)	(41)	-
Special Mention	136	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
	<u>8,743,211</u>	<u>-</u>	<u>-</u>	<u>(336)</u>	<u>(41)</u>	<u>-</u>

* Other assets refer to deposit with AMCM, current deposits with other credit institutions, acceptance, accrued interest and off balance sheet items including contingent liabilities and undrawn commitment with ECL.

Credit risk (continued)

(h) Loans and advances to non-bank customers and other assets under regulatory asset classification

For the year ended 31 December 2021**:

(Expressed in thousands of Macau Patacas)

	<i>Gross loans and advances</i>	<i>Impaired loans and advances</i>	<i>Collateral value</i>	<i>General provision</i>	<i>Specific provision</i>
Loans and advances to non-bank customers					
Group I					
- Performing Loans	14,511,905	-	17,619,238	(155,971)	-
- Loans pastdue <= 3 months	1,682	-	81,213	(17)	-
Group II (Pastdue > 3 months and <= 12 months)	-	-	-	-	-
Group III (Pastdue >12 months and <= 18 months)	-	-	-	-	-
Group IV (Pastdue >18 months)	37,592	37,592	14,214	-	(36,217)
	<u>14,551,179</u>	<u>37,592</u>	<u>17,714,665</u>	<u>(155,988)</u>	<u>(36,217)</u>
Interbank placement					
Group I	1,256,978	-	-	-	-
Group II (Pastdue > 3 months and <= 12 months)	-	-	-	-	-
Group III (Pastdue >12 months and <= 18 months)	-	-	-	-	-
Group IV (Pastdue >18 months)	-	-	-	-	-
	<u>1,256,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets*					
Group I	8,596,482	-	-	-	-
Group II (Pastdue > 3 months and <= 12 months)	-	-	-	-	-
Group III (Pastdue >12 months and <= 18 months)	-	-	-	-	-
Group IV (Pastdue >18 months)	-	-	-	-	-
	<u>8,596,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Other assets refer to deposit with AMCM, current deposits with other credit institutions, acceptance, accrued interest and off balance sheet items including contingent liabilities and undrawn commitment with ECL.

** Loans and advances to non-bank customers and other assets under regulatory asset classification for 31 December 2021 remain unchanged which have not been restated.

Foreign exchange risk

Net long or net short positions in foreign currencies at 30 June 2022 are as follows:

(Expressed in thousands of Macau Patacas)

	<i>Spot assets</i>	<i>Spot liabilities</i>	<i>Forward purchases</i>	<i>Forward sales</i>	<i>Net options position</i>	<i>Net long (or net short) position</i>
Chinese renminbi	35,214	(35,126)	-	-	-	88
Hong Kong dollars	15,177,211	(15,183,224)	-	-	-	(6,013)
US dollars	1,888,621	(1,888,600)	-	-	-	21
Other foreign currencies	9,690	(9,684)	-	-	-	6
	<u>17,110,736</u>	<u>(17,116,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,898)</u>

Net long or net short positions in foreign currencies at 31 December 2021 are as follows:

(Expressed in thousands of Macau Patacas)

	<i>Spot assets</i>	<i>Spot liabilities</i>	<i>Forward purchases</i>	<i>Forward sales</i>	<i>Net options position</i>	<i>Net long (or net short) position</i>
Chinese renminbi	50,527	(49,764)	-	-	-	763
Hong Kong dollars	14,233,976	(14,241,565)	-	-	-	(7,589)
US dollars	2,598,076	(2,598,056)	-	-	-	20
Other foreign currencies	50,295	(50,282)	-	-	-	13
	<u>16,932,874</u>	<u>(16,939,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,793)</u>

Liquidity risk

During the six-month period ended 30 June 2022:

(Expressed in thousands of Macau Patacas)

The arithmetic mean of the minimum weekly amount of cash in hand that is required to be held	40,893
The arithmetic mean of the average weekly amount of cash in hand	229,039
The arithmetic mean of the specified liquid assets at the end of each month	1,401,315
The average ratio of specified liquid assets to total basic liabilities at the end of each month	87%
The arithmetic mean of one-month liquidity ratio in the last week of each month	120%
The arithmetic mean of three-month liquidity ratio in the last week of each month	152%

For the year ended 31 December 2021:

(Expressed in thousands of Macau Patacas)

The arithmetic mean of the minimum weekly amount of cash in hand that is required to be held	47,726
The arithmetic mean of the average weekly amount of cash in hand	197,636
The arithmetic mean of the specified liquid assets at the end of each month	1,920,018
The average ratio of specified liquid assets to total basic liabilities at the end of each month	107%
The arithmetic mean of one-month liquidity ratio in the last week of each month	116%
The arithmetic mean of three-month liquidity ratio in the last week of each month	139%

List of the shareholders with qualifying holdings

Hang Seng Bank Limited

Substantial Interests in Share Capital

The register maintained by the Bank pursuant to the Securities and Futures Ordinance (“SFO”) recorded that, as at 30 June 2022, the following corporations had interests or short positions in the shares or underlying shares (as defined in the SFO) in the Bank set opposite their respective names:

<u>Name of Corporation</u>	<u>Number of Ordinary Shares in the Bank (Percentage of total)</u>
The Hongkong and Shanghai Banking Corporation Limited	1,188,057,371 (62.14%)
HSBC Asia Holdings Limited	1,188,057,371 (62.14%)
HSBC Holdings plc	1,188,057,371 (62.14%)

The Hongkong and Shanghai Banking Corporation Limited is a wholly-owned subsidiary of HSBC Asia Holdings Limited, which in turn is a wholly-owned subsidiary of HSBC Holdings plc. Accordingly, the interests of The Hongkong and Shanghai Banking Corporation Limited are recorded as the interests of HSBC Asia Holdings Limited and HSBC Holdings plc.

The Directors regard HSBC Holdings plc to be the beneficial owner of 1,188,057,371 ordinary shares in the Bank (62.14%).

All the interests stated above represented long positions. As at 30 June 2022, no short positions were recorded in the Register of Interests in Shares and Short Positions required to be kept under section 336 of the SFO.

Names of the members of the company boards

Hang Seng Bank Limited

List of Directors

At 1 August 2022, the members of the board of Directors of Hang Seng Bank Limited are set out below.

Independent Non-Executive Chairman

Irene LEE Yun Lien

Executive Directors

Diana Ferreira CESAR (Chief Executive)

Non-executive Directors

Kathleen GAN Chieh Huey

David LIAO Yi Chien

Independent Non-Executive Directors

CHIANG Lai Yuen

Cordelia CHUNG

Clement KWOK King Man

Patricia LAM Sze Wan

LIN Huey Ru

Kenneth NG Sing Yip

WANG Xiao Bin

Michael WU Wei Kuo

Consolidated capital ratios

Hang Seng Bank Limited

The following tables show the capital base, risk-weighted assets and capital ratios as contained in the 'Capital Adequacy Ratio' return required to be submitted to the Hong Kong Monetary Authority ('HKMA') by the Bank on a consolidated basis that is specified by the HKMA under the requirements of section 3C (1) of the Banking (Capital) Rules.

The Group uses the advanced internal ratings-based ('IRB') approach to calculate its credit risk for the majority of its non-securitisation exposures. For counterparty credit risk, the Group uses the standardised (counterparty credit risk) approach to calculate its default risk exposures for derivatives. For market risk, the Group uses an internal models approach to calculate its general market risk for the risk categories of interest rate and foreign exchange (including gold) exposures and the standardised (market risk) approach for calculating other market risk positions. For operational risk, the Group uses the standardised (operational risk) approach to calculate its operational risk.

The following table sets out the composition of the Group's capital base under Basel III at 30 June 2022 and 31 December 2021.

Consolidated capital ratios (continued)

Capital structure

(Figures in HK\$ million)

	At 30 June 2022	At 31 December 2021
Common Equity Tier 1 ('CET1') Capital		
Shareholders' equity	142,625	144,651
- Shareholders' equity per Condensed Consolidated Balance Sheet	182,496	184,332
- Additional Tier 1 ('AT1') perpetual capital instruments	(11,744)	(11,744)
- Unconsolidated subsidiaries	(28,127)	(27,937)
Non-controlling interests	-	-
- Non-controlling interests per Condensed Consolidated Balance Sheet	74	84
- Non-controlling interests in unconsolidated subsidiaries	(74)	(84)
Regulatory deductions to CET1 capital	(28,508)	(28,052)
- Cash flow hedging reserve	214	2
- Changes in own credit risk on fair valued liabilities	(16)	(6)
- Property revaluation reserves ¹	(24,483)	(24,617)
- Regulatory reserve	(1,130)	(441)
- Intangible assets	(2,678)	(2,359)
- Deferred tax assets net of deferred tax liabilities	(260)	(90)
- Valuation adjustments	(155)	(126)
- Excess of total expected loss amount over total eligible provisions under the IRB	-	(415)
Total CET1 Capital	114,117	116,599
AT1 Capital		
Total AT1 capital before and after regulatory deductions	11,744	11,744
- Perpetual capital instruments	11,744	11,744
Total AT1 Capital	11,744	11,744
Total Tier 1 ('T1') Capital	125,861	128,343
Tier 2 ('T2') Capital		
Total T2 capital before regulatory deductions	11,491	11,460
- Property revaluation reserves ¹	11,017	11,078
- Impairment allowances and regulatory reserve eligible for inclusion in T2 capital	474	382
Regulatory deductions to T2 capital	(1,045)	(1,045)
- Significant capital investments in unconsolidated financial sector entities	(1,045)	(1,045)
Total T2 Capital	10,446	10,415
Total Capital	136,307	138,758

¹ Includes the revaluation surplus on investment properties which is reported as part of retained profits and related adjustments made in accordance with the Banking (Capital) Rules issued by the HKMA.

Consolidated capital ratios (continued)

(Figures in HK\$ million)

	At 30 June 2022	At 31 December 2021
Risk-weighted assets	781,467	734,128
Capital ratios		
CET1 capital ratio	14.6%	15.9%
Tier 1 capital ratio	16.1%	17.5%
Total capital ratio	17.4%	18.9%

Consolidated assets, liabilities and profits positions

Hang Seng Bank Limited

(Figures in HK\$ million)

	<u>At 30 June 2022</u>	<u>At 31 December 2021</u>
Total assets	1,846,914	1,820,185
Total liabilities	1,664,344	1,635,769
Total loans and advances	983,218	997,397
Total customer deposits including current, savings and other deposit accounts and certificates of deposit and other debt securities in issue	1,358,017	1,338,800

Hang Seng Bank Limited

(Figures in HK\$ million)

	<u>At 30 June 2022</u>	<u>At 30 June 2021</u>
Pre-tax profit	5,439	10,298