

**Hang Seng Bank Limited**  
**Macau Branch**

*Financial disclosure*  
*(unaudited)*

*for the half-year ended 30 June 2023*

**Statement of financial position**  
**At period-end**

	At 30 June 2023 MOP'000	At 31 December 2022 MOP'000
<b>Assets</b>		
Cash and balances with banks	4,242,310	5,910,963
Deposits with AMCM	112,154	193,623
Loans and advances to customers	11,722,988	13,662,679
Other assets	24,078	10,220
Tangible fixed assets	17,586	21,227
	<u>16,119,116</u>	<u>19,798,712</u>
<b>Liabilities</b>		
Deposits from customers	1,573,276	1,932,325
Deposits and balances from banks	12,616,720	16,020,437
Other liabilities	94,034	65,025
Current income tax liabilities	44,075	37,644
	<u>14,328,105</u>	<u>18,055,431</u>
<b>Net Assets</b>	<u>1,791,011</u>	<u>1,743,281</u>
<b>Represented by</b>		
General regulatory reserve	119,214	138,775
Specific regulatory reserve	-	-
Head office account	1,671,797	1,604,506
	<u>1,791,011</u>	<u>1,743,281</u>

**Statement of comprehensive income  
For the half year ended**

	30 June 2023 MOP'000	30 June 2022 MOP'000
Interest income	328,435	127,110
Interest expense	<u>(245,615)</u>	<u>(21,523)</u>
<b>Net interest income</b>	<b>82,820</b>	<b>105,587</b>
Other operating income	<u>4,714</u>	<u>5,795</u>
<b>Operating income</b>	<b>87,534</b>	<b>111,382</b>
Operating expenses	<u>(36,969)</u>	<u>(34,086)</u>
<b>Operating profit before change in expected credit losses and other credit impairment release</b>	<b>50,565</b>	<b>77,296</b>
Change in expected credit losses and other credit impairment release	<u>3,596</u>	<u>9,755</u>
<b>Profit before income tax</b>	<b>54,161</b>	<b>87,051</b>
Taxation	<u>(6,431)</u>	<u>(13,178)</u>
<b>Profit and total comprehensive income for the period</b>	<b><u>47,730</u></b>	<b><u>73,873</u></b>

**Cash flow statement**  
**For the half-year ended**

	30 June 2023 MOP'000	30 June 2022 MOP'000
<b>Cash flows from operating activities</b>		
Profit before income tax	54,161	87,051
Depreciation	3,855	3,058
Change in expected credit losses and other credit impairment release	(3,596)	(9,755)
Interest income	(328,435)	(127,110)
Interest expense	245,615	21,523
Interest received	328,372	123,888
Interest paid	(238,551)	(17,051)
Decrease in minimum deposits with AMCM	4,928	7,452
Decrease in gross loans and advances to customers	1,943,114	7,571
Decrease in other assets	(916)	(795)
Decrease / (Increase) in balances with banks with original maturity more than three months	436,516	(76,676)
Decrease in deposits from customers	(359,049)	(257,858)
(Decrease) / increase in deposits and balances from banks	(3,403,716)	400,973
Increase / (decrease) in other liabilities	18,133	(4,400)
	<hr/>	<hr/>
Cash (outflow) / inflow from operating activities before taxation	(1,299,569)	157,871
Macau complementary tax paid	-	-
	<hr/>	<hr/>
Cash (outflow) / inflow from operating activities	(1,299,569)	157,871
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(214)	(121)
	<hr/>	<hr/>
Cash outflow from investing activities	(214)	(121)
	<hr/>	<hr/>
<b>(Decrease) / Increase in cash and cash equivalents</b>	(1,299,783)	157,750
Cash and cash equivalents at 1 January	4,848,531	3,494,915
	<hr/>	<hr/>
<b>Cash and cash equivalents at 30 June</b>	3,548,748	3,652,665
	<hr/> <hr/>	<hr/> <hr/>

### Cash flow statement (continued)

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	3,449,183	3,400,376
Deposits with AMCM in excess of minimum statutory requirement	86,112	253,052
Items in course of collection from other banks	17,984	72
Items in course of transmission to other banks	(4,531)	(835)
	<u>3,548,748</u>	<u>3,652,665</u>

## Off-balance sheet exposures

### (a) Contingent liabilities and commitments

	At 30 June 2023 MOP'000	At 31 December 2022 MOP'000
Bank guarantees	342,462	585,497
<b>Commitments:</b>		
Trade-related contingencies	173,961	258,757
Acceptance on trade bills	189,506	204,651
Undrawn formal standby facilities, credit lines and other commitments to lend	5,405,953	4,317,349
	<u>5,769,420</u>	<u>4,780,757</u>

### (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.

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are as follows:

	At 30 June 2023 MOP'000	At 31 December 2022 MOP'000
Not later than one year	7,611	7,665
Later than one year and not later than five years	5,002	8,796
	<u>12,613</u>	<u>16,461</u>

## Off-balance sheet exposures (continued)

### (c) 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 as at 30 June 2023.

	Contract Amount MOP '000	Derivative assets MOP '000	Derivative liabilities MOP '000	Credit equivalent Amounts MOP '000	Risk- weighted amounts MOP '000
Exchange rate contracts					
- Forward contracts	219,415	1,150	1,150	3,344	1,542
Interest rate contracts	-	-	-	-	-
Equities contracts	-	-	-	-	-
Commodities contracts	-	-	-	-	-
Others	-	-	-	-	-

There were no derivative transactions at 31 December 2022.

## 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 half-year ended at 30 June 2023 and 30 June 2022 are as follows:

	Half-year ended 30 June 2023 MOP'000	Half-year ended 30 June 2022 MOP'000
Interest income from Head Office and a subsidiary of Head Office	38,106	3,345
Interest expenses to Head Office	(228,400)	(19,776)
Fee and commission paid to Head Office and a subsidiary of Head Office	(1,305)	(3,541)
Management fee paid to Head Office	(6,032)	(4,830)
Operating income from / (expenses to) other related companies	40	(265)

The balances with Head Office and a subsidiary of Head office at 30 June 2023 and 31 December 2022 are as follows:

#### (i) Assets

	At 30 June 2023 MOP'000	At 31 December 2022 MOP'000
Cash and balances with banks		
- Demand deposits	129,242	170,610
- Placement	1,342,581	1,877,234
Other assets		
- Interest receivables	12,200	12,137
- Derivative financial instruments	1,150	-

#### (ii) Liabilities

	At 30 June 2023 MOP'000	At 31 December 2022 MOP'000
Deposits and balances from banks		
- Demand and placements from banks	12,616,720	16,020,437
Other liabilities		
- Interest payable	46,073	38,593



## Material related-party transactions (continued)

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

During the first six-month period at 30 June 2023 and 30 June 2022, the remuneration of key management personnel, which is included in "staff cost", is as follows:

	Half-year ended 30 June 2023 MOP'000	Half-year ended 30 June 2022 MOP'000
Executive officers	<u>1,785</u>	<u>1,852</u>

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

During the first six-month period at 30 June 2023 and year ended 31 December 2022, 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

At 30 June 2023

	Total exposures MOP '000	Stage 1 ECL MOP '000	Stage 2 ECL MOP '000	Stage 3 ECL MOP '000	Total ECL MOP '000
<i>Loans and advances to customers</i>					
- Macau	10,385,711	(1,178)	(2,351)	(15,106)	(18,635)
- Hong Kong	1,288,198	(470)	(1,059)	-	(1,529)
- Others	69,244	-	(1)	-	(1)
	<u>11,743,153</u>	<u>(1,648)</u>	<u>(3,411)</u>	<u>(15,106)</u>	<u>(20,165)</u>
<i>Financial guarantees, loan commitments and other credit related contingent liabilities</i>					
- Macau	6,044,673	(156)	(8)	-	(164)
- Hong Kong	67,438	(12)	(53)	-	(65)
- Others	-	-	-	-	-
	<u>6,112,111</u>	<u>(168)</u>	<u>(61)</u>	<u>-</u>	<u>(229)</u>

All other financial assets held by the Branch only have Macau exposures.

There is no customer grouped under banks, governments and/or public sector entities.

## Credit risk (continued)

### (a) Geographic distribution of exposure (continued)

As at 31 December 2022

	Total exposures MOP '000	Stage 1 ECL MOP '000	Stage 2 ECL MOP '000	Stage 3 ECL MOP '000	Total ECL MOP '000
<i>Loans and advances to customers</i>					
- Macau	12,265,059	(3,097)	(4,448)	(15,211)	(22,756)
- Hong Kong	1,318,237	(796)	(30)	-	(826)
- Others	102,971	3	(9)	-	(6)
	<u>13,686,267</u>	<u>(3,890)</u>	<u>(4,487)</u>	<u>(15,211)</u>	<u>(23,588)</u>
<i>Financial guarantees, loan commitments and other credit related contingent liabilities</i>					
- Macau	5,296,467	(248)	(63)	-	(311)
- Hong Kong	70,134	(7)	(29)	-	(36)
- Others	-	-	-	-	-
	<u>5,366,601</u>	<u>(255)</u>	<u>(92)</u>	<u>-</u>	<u>(347)</u>

All other financial assets held by the Branch only have Macau exposures.

There is no customer grouped under banks, governments and/or public sector entities.

**Credit risk (continued)**

*(b) Industry distribution of exposures of loans and advances*

At 30 June 2023

	Gross loans and advances MOP '000	Individually impaired loans and advances MOP '000	Overdue loans and advances# MOP '000	Stage 1 ECL MOP '000	Stage 2 ECL MOP '000	Stage 3 ECL MOP '000
Agriculture and fisheries	-	-	-	-	-	-
Mining industries	-	-	-	-	-	-
Manufacturing industries	-	-	-	-	-	-
Electricity, gas and water	-	-	-	-	-	-
Construction and public works	156,896	-	-	(22)	(263)	-
Wholesale and retail trade	3,013,874	15,106	-	(394)	(279)	(15,106)
Restaurants, hotels and similar	-	-	-	-	-	-
Transport, warehousing and communications	-	-	-	-	-	-
Non-monetary financial institutions	18,346	-	-	-	-	-
Gaming	-	-	-	-	-	-
Exhibition and conference	-	-	-	-	-	-
Education	-	-	-	-	-	-
Information technology	-	-	-	-	-	-
Individuals for house purchases	3,104,240	-	-	(4)	(11)	-
Individuals for other purposes	148,792	-	-	(30)	(108)	-
Others	5,301,005	-	-	(1,198)	(2,750)	-
	<u>11,743,153</u>	<u>15,106</u>	<u>-</u>	<u>(1,648)</u>	<u>(3,411)</u>	<u>(15,106)</u>

# Loans and advances which have been overdue with respect to either principal or interest for periods of more than three months.

**Credit risk (continued)**

*(b) Industry distribution of exposures of loans and advances (continued)*

At 31 December 2022

	Gross loans and advances MOP '000	Individually impaired loans and advances MOP '000	Overdue loans and advances# MOP '000	Stage 1 ECL MOP '000	Stage 2 ECL MOP '000	Stage 3 ECL MOP '000
Agriculture and fisheries	-	-	-	-	-	-
Mining industries	-	-	-	-	-	-
Manufacturing industries	-	-	-	-	-	-
Electricity, gas and water	-	-	-	-	-	-
Construction and public works	137,567	-	-	(42)	-	-
Wholesale and retail trade	4,665,705	15,211	-	(1,298)	(401)	(15,211)
Restaurants, hotels and similar	-	-	-	-	-	-
Transport, warehousing and communications	-	-	-	-	-	-
Non-monetary financial institutions	-	-	-	-	-	-
Gaming	-	-	-	-	-	-
Exhibition and conference	-	-	-	-	-	-
Education	-	-	-	-	-	-
Information technology	-	-	-	-	-	-
Individuals for house purchases	3,183,228	-	-	(8)	(1)	-
Individuals for other purposes	155,547	-	-	(35)	-	-
Others	5,544,220	-	-	(2,507)	(4,085)	-
	<u>13,686,267</u>	<u>15,211</u>	<u>-</u>	<u>(3,890)</u>	<u>(4,487)</u>	<u>(15,211)</u>

# Loans and advances which have been overdue with respect to either principal or interest for periods of more than three months.

## Credit risk (continued)

### (c) Maturity analysis on assets and liabilities

At 30 June 2023

	Repayable on demand MOP'000	1 month or less but not repayable on demand MOP'000	3 months or less but over 1 month MOP'000	1 year or less but over 3 months MOP'000	3 years or less but over 1 year MOP'000	After 3 years MOP'000	Indefinite period MOP'000	Total MOP'000
<b>Assets</b>								
Loans and advances to customers	13,793	2,496,921	246,753	2,757,903	3,125,885	3,081,733	-	11,722,988
Cash and balances with and loans and advances to banks	2,966,477	539,801	283,476	562,911	1,799	-	-	4,354,464
Certificates of deposits held	-	-	-	-	-	-	-	-
Securities issued by Macau SAR Government and/or AMCM	-	-	-	-	-	-	-	-
Other securities	-	-	-	-	-	-	-	-
<b>Liabilities</b>								
Deposits and balances of banks and financial institutions	2,281,556	2,147,898	457,101	7,730,165	-	-	-	12,616,720
Deposits from public sector entities	-	-	-	-	-	-	-	-
Deposits from holding and associated companies	-	-	-	-	-	-	-	-
Deposits from non-bank customers	768,939	188,539	155,972	427,239	1,799	30,788	-	1,573,276
Certificates of deposits issued	-	-	-	-	-	-	-	-
Other securities issued	-	-	-	-	-	-	-	-

## Credit risk (continued)

(c) Maturity analysis on assets and liabilities (continued)

At 31 December 2022

	Repayable on demand MOP'000	1 month or less but not repayable on demand MOP'000	3 months or less but over 1 month MOP'000	1 year or less but over 3 months MOP'000	3 years or less but over 1 year MOP'000	After 3 years MOP'000	Indefinite period MOP'000	Total MOP'000
<b>Assets</b>								
Loans and advances to customers	63,290	4,025,900	624,251	948,816	4,866,184	3,134,238	-	13,662,679
Cash and balances with and loans and advances to banks	4,175,513	812,774	501,560	614,739	-	-	-	6,104,586
Certificates of deposits held	-	-	-	-	-	-	-	-
Securities issued by Macau SAR Government and/or AMCM	-	-	-	-	-	-	-	-
Other securities	-	-	-	-	-	-	-	-
<b>Liabilities</b>								
Deposits and balances of banks and financial institutions	3,723,988	4,324,173	437,552	7,534,724	-	-	-	16,020,437
Deposits from public sector entities	-	-	-	-	-	-	-	-
Deposits from holding and associated companies	-	-	-	-	-	-	-	-
Deposits from non-bank customers	969,716	289,028	239,678	419,837	14,066	-	-	1,932,325
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 2023 and 31 December 2022.

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

At 30 June 2023

	Gross loans and advances MOP'000	% of total loans and advances to non-bank customers MOP'000	Collateral value MOP'000	Individually impaired allowances MOP'000
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	15,106	0.13%	-	(15,106)
	<u>15,106</u>	<u>0.13%</u>	<u>-</u>	<u>(15,106)</u>

At 31 December 2022

	Gross loans and advances MOP'000	% of total loans and advances to non-bank customers MOP'000	Collateral value MOP'000	Individually impaired allowances MOP'000
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	15,211	0.11%	-	(15,211)
	<u>15,211</u>	<u>0.11%</u>	<u>-</u>	<u>(15,211)</u>

*(f) Overdue other assets*

There were no overdue other assets as at 30 June 2023 and 31 December 2022.



**Credit risk (continued)**

*(g) Credit quality of financial instruments*

	30 June 2023						
	Pass	Special	Sub-	Doubtful	Loss	Expected	Net
	MOP '000	Mention	Standard	MOP '000	MOP '000	Credit Loss	Exposure
		MOP '000	MOP '000			MOP '000	MOP'000
Cash and balance with bank							
- Stage 1	4,242,337	-	-	-	-	(27)	4,242,310
- Stage 2	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-
Deposits with AMCM							
- Stage 1	112,156	-	-	-	-	(2)	112,154
- Stage 2	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-
Loans and advances to customers							
- Stage 1	10,407,872	-	-	-	-	(1,648)	10,406,224
- Stage 2	1,223,813	96,362	-	-	-	(3,411)	1,316,764
- Stage 3	-	-	-	-	15,106	(15,106)	-
Financial guarantees, loan commitments and other credit related contingent liabilities							
- Stage 1	5,732,661	-	-	-	-	(168)	5,732,493
- Stage 2	379,450	-	-	-	-	(61)	379,389
- Stage 3	-	-	-	-	-	-	-
	<u>22,098,289</u>	<u>96,362</u>	<u>-</u>	<u>-</u>	<u>15,106</u>	<u>(20,423)</u>	<u>22,189,334</u>

## Credit risk (continued)

(g) Credit quality of financial instruments (continued)

	31 December 2022						
	Pass	Special	Sub-	Doubtful	Loss	Expected	Net
	MOP '000	Mention	Standard	MOP '000	MOP '000	Credit Loss	Exposure
		MOP '000	MOP '000			MOP '000	MOP'000
Cash and balance with bank							
- Stage 1	5,911,048	-	-	-	-	(85)	5,910,963
- Stage 2	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-
Deposits with AMCM							
- Stage 1	193,623	-	-	-	-	-	193,623
- Stage 2	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-
Loans and advances to customers							
- Stage 1	11,550,919	47,689	-	-	-	(3,890)	11,594,718
- Stage 2	2,072,352	96	-	-	-	(4,487)	2,067,961
- Stage 3	-	-	-	-	15,211	(15,211)	-
Financial guarantees, loan commitments and other credit related contingent liabilities							
- Stage 1	4,681,076	-	-	-	-	(254)	4,680,822
- Stage 2	685,525	-	-	-	-	(93)	685,432
- Stage 3	-	-	-	-	-	-	-
	<u>25,094,543</u>	<u>47,785</u>	<u>-</u>	<u>-</u>	<u>15,211</u>	<u>(24,020)</u>	<u>25,133,519</u>

## Foreign exchange risk

Net long or net short positions in foreign currencies are as follows:

At 30 June 2023

	Spot assets MOP'000	Spot liabilities MOP'000	Forward purchases MOP'000	Forward sales MOP'000	Net options position MOP'000	Net long (or net short) position MOP'000
Chinese renminbi	85,943	(85,626)	50,226	(50,226)	-	317
Hong Kong dollars	13,646,061	(13,651,292)	58,906	(58,906)	-	(5,231)
US dollars	317,486	(317,320)	110,283	(110,283)	-	166
Other foreign currencies	15,641	(15,585)	-	-	-	56
	<u>14,065,131</u>	<u>(14,069,823)</u>	<u>219,415</u>	<u>(219,415)</u>	<u>-</u>	<u>(4,692)</u>

At 31 December 2022

	Spot assets MOP'000	Spot liabilities MOP'000	Forward purchases MOP'000	Forward sales MOP'000	Net options position MOP'000	Net long (or net short) position MOP'000
Chinese renminbi	33,697	(33,670)	-	-	-	27
Hong Kong dollars	17,170,020	(17,181,275)	-	-	-	(11,255)
US dollars	567,129	(566,312)	-	-	-	817
Other foreign currencies	12,957	(12,968)	-	-	-	(11)
	<u>17,783,803</u>	<u>(17,794,225)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,422)</u>

## Liquidity risk

During the reporting period of:	At 30 June 2023 MOP'000	At 31 December 2022 MOP'000
The arithmetic mean of the minimum weekly amount of cash in hand that is required to be held	29,531	35,554
The arithmetic mean of the average weekly amount of cash in hand	236,718	252,967
The arithmetic mean of the specified liquid assets at the end of each month	1,751,230	1,460,645
The average ratio of specified liquid assets to total basic liabilities at the end of each month	97%	85%
The arithmetic mean of one-month liquidity ratio in the last week of each month	100%	126%
The arithmetic mean of three-month liquidity ratio in the last week of each month	104%	129%

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 SFO recorded that, as at 30 June 2023, 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 2023, 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**

On 1 August 2023, 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)

SAW Say Pin

#### **Non-executive Directors**

Kathleen GAN Chieh Huey

David LIAO Yi Chien

#### **Independent Non-Executive Directors**

Cordelia CHUNG

Clement KWOK King Man

Patricia LAM Sze Wan

LIN Huey Ru

Kenneth NG Sing Yip

WANG Xiao Bin

## Consolidated capital ratios

### **Hang Seng Bank Limited**

The following tables show the capital base, RWA 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 approach ('IRB') to calculate its credit risk for the majority of its non-securitisation exposures. For collective investment scheme exposures, the Group uses the look-through approach to calculate the risk-weighted amount. For counterparty credit risk, the Group uses standardised (counterparty credit risk) approach to calculate its default risk exposures for derivatives, and the comprehensive approach for securities financing transactions. 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.

During the period, the Group has complied with all of the externally imposed capital requirements by the HKMA.

Consolidated capital ratios (continued)

**Capital structure**

(Figures in HK\$ million)

	<b>30 June 2023</b>	<b>31 December 2022 (restated)</b>
<b>Common Equity Tier 1 ('CET1') Capital</b>		
Shareholders' equity	146,389	143,883
- Shareholders' equity per balance sheet	163,519	159,933
- Additional Tier 1 ('AT1') perpetual capital instruments	(11,744)	(11,744)
- Unconsolidated subsidiaries	(5,386)	(4,306)
Non-controlling interests	-	-
- Non-controlling interests per balance sheet	57	65
- Non-controlling interests in unconsolidated subsidiaries	(57)	(65)
Regulatory deductions to CET1 capital	(29,160)	(27,461)
- Cash flow hedge reserve	238	472
- Changes in own credit risk on fair valued liabilities	(12)	(6)
- Property revaluation reserves <sup>1</sup>	(24,616)	(24,418)
- Intangible assets	(3,141)	(3,011)
- Deferred tax assets net of deferred tax liabilities	(442)	(346)
- Valuation adjustments	(160)	(152)
- Excess of total expected loss amount over total eligible provisions under the IRB	(1,027)	-
<b>Total CET1 Capital</b>	<b>117,229</b>	<b>116,422</b>
<b>AT1 Capital</b>		
Total AT1 capital before and after regulatory deductions	11,744	11,744
- Perpetual capital instruments	11,744	11,744
<b>Total AT1 Capital</b>	<b>11,744</b>	<b>11,744</b>
<b>Total Tier 1 ('T1') Capital</b>	<b>128,973</b>	<b>128,166</b>
<b>Tier 2 ('T2') Capital</b>		
Total T2 capital before regulatory deductions	11,363	11,555
- Property revaluation reserves <sup>1</sup>	11,077	10,988
- Impairment allowances and regulatory reserve eligible for inclusion in T2 capital	286	567
Regulatory deductions to T2 capital	(1,045)	(1,045)
- Significant capital investments in unconsolidated financial sector entities	(1,045)	(1,045)
<b>Total T2 Capital</b>	<b>10,318</b>	<b>10,510</b>
<b>Total Capital</b>	<b>139,291</b>	<b>138,676</b>

<sup>1</sup> 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)*

	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Risk-weighted assets</b>	696,197	764,726
<b>Capital ratios</b>		
CET1 capital ratio	16.8%	15.2%
Tier 1 capital ratio	18.5%	16.8%
Total capital ratio	20.0%	18.1%

Consolidated assets, liabilities and profits positions

**Hang Seng Bank Limited**

*(Figures in HK\$ million)*

	<b>30 June 2023</b>	<b>31 December 2022 (restated)</b>
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Total assets	1,694,707	1,854,446
Total liabilities	1,531,131	1,694,448
Total loans and advances	892,890	931,334
Total customer deposits, including structured deposits	1,188,779	1,286,624
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	<b>30 June 2023</b>	<b>30 June 2022</b>
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Pre-tax profit	10,961	6,397