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Hang Seng Bank Limited
(incorporated in Hong Kong with limited liability)
(Stock Code: 11) (Company Number: 3653)

US\$300,000,000 Floating Rate Subordinated Notes due 2017
(Stock Code: 1602)

Proposed Exercise of Option to Redeem Notes

Reference is made to the announcement by Hang Seng Bank Limited (the "**Company**") on 29 June 2007 in relation to the US\$300,000,000 Floating Rate Subordinated Notes due 2017 issued by the Company on 5 July 2007 (the "**Notes**").

The Company announces that it proposes to exercise its option to redeem the Notes in whole on 6 July 2012 (the "**Redemption Date**") in accordance with the Terms and Conditions of the Notes. Relevant regulatory approvals for the redemption of the Notes have been obtained.

In accordance with the Terms and Conditions of the Notes, the Company will, not less than 15 days and not more than 60 days before Redemption Date, give to holders of the Notes notice that it will exercise its option to redeem the Notes.

The Notes will be redeemed at a redemption price of 100 per cent. of the principal amount, together with any accrued and unpaid interest payable thereon up to but excluding the Redemption Date. Any interest in respect of the Notes shall cease to accrue on and after the Redemption Date.

As at the close of business on 15 June 2012, being the latest practicable date prior to the issue of this announcement, the aggregate principal amounts of the Notes outstanding were US\$300,000,000.

Upon redemption of the Notes in whole, there will be no further outstanding Notes in issue. Accordingly, the Company will make an application to The Stock Exchange of Hong Kong Limited for the Notes to be delisted. The exact delisting date will be announced in due course.

For and on behalf of
Hang Seng Bank Limited
C C Li
Secretary

Hong Kong, 18 June 2012

As at the date hereof, the Board of Directors of the Company comprises Dr Raymond K F Ch'ien (Chairman), Ms Rose W M Lee (Vice-Chairman and Chief Executive), Dr John C C Chan*, Dr Marvin K T Cheung*, Ms L Y Chiang*, Mr Andrew H C Fung, Ms Anita Y M Fung[#], Dr Fred Zulu Hu*, Mr Jenkin Hui*, Ms Sarah C Legg[#], Dr Eric K C Li*, Dr Vincent H S Lo[#], Mrs Dorothy K Y P Sit[#], Mr Richard Y S Tang*, Mr Peter T S Wong[#] and Mr Michael W K Wu*.*

Non-executive Directors

** Independent Non-executive Directors*

Hang Seng Bank Limited

Incorporated in Hong Kong with limited liability

Registered Office and Head Office: 83 Des Voeux Road Central, Hong Kong

Member HSBC Group