



## **Disclosure Statements**

**Intesa Sanpaolo S.p.A. - Hong Kong Branch**

**30 June 2021**

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**PROFIT AND LOSS ACCOUNT**

Period ended 30 June 2021

	Note	30 June 2021 HK\$'000	30 June 2020 HK\$'000
NET INTEREST INCOME			
Interest income		363,819	515,831
Interest expenses		<u>(176,869)</u>	<u>(338,486)</u>
		186,950	177,345
OTHER OPERATING INCOME			
Gains less losses arising from trading in foreign currencies		(22,363)	69,303
Gains less losses on securities held for trading purposes		(12,637)	143,905
Gains less losses from other trading activities		34,996	(188,126)
Gains less losses from non-trading activities		(1,706)	-
Net fees and commission income	1	<u>63,769</u>	<u>31,937</u>
TOTAL INCOME		249,009	234,364
OPERATING EXPENSES			
Staff expenses		(49,041)	(46,805)
Rental expenses		(15,676)	(16,625)
Other expenses		<u>(8,896)</u>	<u>(10,570)</u>
		(73,613)	(74,000)
IMPAIRMENT LOSSES AND PROVISIONS FOR IMPAIRED LOANS AND RECEIVABLES		<u>48,492</u>	<u>(64,104)</u>
(LOSS)/PROFIT BEFORE TAXATION		223,888	96,260
TAX EXPENSE		(33,930)	(562)
EXTRAORDINARY PROFIT NET OF TAX		<u>241</u>	<u>27</u>
(LOSS)/PROFIT AFTER TAXATION		<u>190,199</u>	<u>95,725</u>

**BALANCE SHEET**

30 June 2021

	Notes	30 June 2021 HK\$'000	31 December 2020 HK\$'000
<b>ASSETS</b>			
Cash and balances with banks		126,359	120,301
Due from Exchange Fund		16,043	25,700
Amount due from overseas offices of the institution		24,661,838	20,443,410
Trade bills		187,688	18,097
Securities held for trading purposes		11,297,283	9,480,239
Loans and receivables	2	23,673,637	22,641,680
Property, plant and equipment and investment properties		<u>46,194</u>	<u>59,587</u>
Total assets		<u>60,009,042</u>	<u>52,789,014</u>
<b>LIABILITIES</b>			
Deposits and balances from banks		5,230,851	3,675,026
Deposits from customers	3	3,803,137	2,918,496
Amount due to overseas offices of the institution		48,375,881	43,311,214
Other liabilities		<u>2,599,173</u>	<u>2,884,278</u>
Total liabilities		<u>60,009,042</u>	<u>52,789,014</u>

**ADDITIONAL INFORMATION**

30 June 2021

**1. NET FEES AND COMMISSION INCOME**

	30 June 2021 HK\$'000	30 June 2020 HK\$'000
Commission income, gross	69,705	37,942
Commission expenses, gross	<u>(5,936)</u>	<u>(6,005)</u>
Net fees and commission income	<u>63,769</u>	<u>31,937</u>

**2. LOANS AND RECEIVABLE**

	Notes	30 June 2021 HK\$'000	31 December 2020 HK\$'000
(i) Loans and advances to customers	5	21,631,046	20,426,400
Provisions for impaired loans			
- Collective provisions	2 (iv), 4	(120,525)	(181,397)
- Specific provisions	4	<u>(554,590)</u>	<u>(579,114)</u>
		20,955,931	19,665,889
(ii) Loans and advances to banks		408,757	250,210
Provisions for impaired loans			
- Collective provisions	2 (iv), 4	<u>(183)</u>	<u>(105)</u>
		408,574	250,105
(iii) Other accounts		2,694,850	3,074,212
Provisions for impaired loans			
- Collective provisions	2 (iv), 4	(10,272)	(10,137)
- Specific provisions	4	<u>(375,446)</u>	<u>(338,389)</u>
		2,309,132	2,725,686
		<u>23,673,637</u>	<u>22,641,680</u>

**ADDITIONAL INFORMATION****2. LOANS AND RECEIVABLE (continued)**

(iv) With the implementation of IFRS9 since 1 January 2018, the collective provisions for impaired loans and advance was calculated and recorded by the Branch.

(v) Impaired loans and advances:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
Impaired loans and advances to customers	764,751	1,086,742
Specific Provisions	554,590	579,114
Percentage of such advances to total advances to customers	<u>3.54%</u>	<u>5.32%</u>

As of 30 June 2021 and 31 December 2020, there were collaterals of HK\$71,555,421 and HK\$71,437,910 for impaired loans and advances to customers respectively.

(vi) There was no impaired loans and advances to banks as of 30 June 2021 and 31 December 2020.

**3. DEPOSITS FROM CUSTOMERS**

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
Demand deposits and current accounts	3,402,582	2,553,483
Time, call and notice deposits	<u>400,555</u>	<u>365,013</u>
	<u>3,803,137</u>	<u>2,918,496</u>

**ADDITIONAL INFORMATION****4. PROVISIONS FOR IMPAIRED LOANS AND ADVANCES**

<b>30 June 2021</b>	Collective HK\$'000	Specific HK\$'000	Total HK\$'000
As of 31 December 2020	191,639	917,503	1,109,142
Charge for the period	60,280	36,566	96,846
Amounts recoveries	-	-	-
Amounts released	(119,800)	(25,538)	(145,338)
Amounts written-off	-	-	-
Exchange differences	(1,139)	1,505	366
As of 30 June 2021	<u>130,980</u>	<u>930,036</u>	<u>1,061,016</u>
Provisions against:			
Advances to banks	183	-	183
Advances to customers	120,525	554,590	675,115
Trade bills	43	-	43
Contingent liabilities and commitments	10,229	-	10,229
Accrued interest	-	375,446	375,446
	<u>130,980</u>	<u>930,036</u>	<u>1,061,016</u>
<b>31 December 2020</b>	Collective HK\$'000	Specific HK\$'000	Total HK\$'000
As of 31 December 2019	87,507	692,336	779,843
Charge for the period	148,640	289,682	438,322
Amounts recoveries	-	-	-
Amounts released	(45,668)	(25,264)	(70,932)
Amounts written-off	-	(36,324)	(36,324)
Exchange differences	1,160	(2,927)	(1,767)
As of 31 December 2020	<u>191,639</u>	<u>917,503</u>	<u>1,109,142</u>
Provisions against:			
Advances to banks	105	-	105
Advances to customers	181,397	579,114	760,511
Trade bills	32	-	32
Contingent liabilities and commitments	10,105	-	10,105
Accrued interest	-	338,389	338,389
	<u>191,639</u>	<u>917,503</u>	<u>1,109,142</u>

**ADDITIONAL INFORMATION****5. ANALYSIS OF LOANS AND ADVANCES TO CUSTOMERS**

## (i) Sectoral analysis of gross advances to customers

The information concerning gross amount of loans and advances to customers by industrial sectors has been classified according to the business activity of the borrowers or usage of the loans.

	<b>30 June 2021</b>		<b>31 December 2020</b>	
	Loan HK\$'000	Collateral HK\$'000	Loan HK\$'000	Collateral HK\$'000
Loans and advances for use in Hong Kong				
Industrial, Commercial and financial:				
Wholesale and retail trade	1,065,290	-	215,102	-
Manufacturing	477,438	-	477,177	-
Transport and transport equipment	1,554	-	1,553	-
Information Technology	666,801	-	196,366	-
Electricity and gas	2,480,328	-	718,233	-
Trade finance	482,091	8,333	995,972	8,307
Loans and advances for use outside Hong Kong	<u>16,457,544</u>	<u>65,656</u>	<u>17,821,997</u>	<u>86,463</u>
Total gross amount of loans and advances to customers	<u>21,631,046</u>	<u>73,989</u>	<u>20,426,400</u>	<u>94,770</u>



**ADDITIONAL INFORMATION****5. ANALYSIS OF LOANS AND ADVANCES TO CUSTOMERS (continued)**

## (ii) Geographical analysis of loans and advances to customers

The analysis of loans and advances to customers by geographical segment is classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when the loans and advances are guaranteed by a party in a country which is different from that of the customers. The loans and advances to customers by major geographical segment are as follows:

**30 June 2021**

Countries	Gross amount of loans and advances to customers HK\$'000	Overdue loans and advances to customers HK\$'000	Impaired loans and advances to customers HK\$'000
Hong Kong	3,969,980	466,123	11,337
Australia	3,912,344	-	-
Cayman Island	3,381,955	-	-
China	1,625,986	258,861	258,861
Others	8,740,781	489,476	489,476
	<u>21,631,046</u>	<u>1,214,460</u>	<u>759,674</u>

**31 December 2020**

Countries	Gross amount of loans and advances to customers HK\$'000	Overdue loans and advances to customers HK\$'000	Impaired loans and advances to customers HK\$'000
Hong Kong	2,378,568	470,944	11,322
Australia	4,596,293	-	-
Cayman Island	1,962,746	-	-
China	1,718,032	258,437	258,437
Others	9,770,761	811,750	811,750
	<u>20,426,400</u>	<u>1,541,131</u>	<u>1,081,509</u>

The overdue and impaired loans and advances to customers are attributed to the exposures in Brazil, Hong Kong, China and Panama (31 December 2020 : Brazil, Hong Kong, China, India and Panama.)

**ADDITIONAL INFORMATION****6. ANALYSIS OF OVERDUE AND RESCHEDULED ADVANCES**

## (i) Overdue loans and advances to customers

	30 June 2021		31 December 2020	
	Amount HK\$'000	% of total advances to customers	Amount HK\$'000	% of total advances to customers
Gross advances overdue for:				
3 months or less but over 1 month				
6 months or less but over 3 months				
1 year or less but over 6 months			459,621	2.25%
Over 1 year	<u>1,214,460</u>	<u>5.61%</u>	<u>1,081,509</u>	<u>5.29%</u>
Total overdue advances	<u>1,214,460</u>	<u>5.61%</u>	<u>1,541,130</u>	<u>7.54%</u>

- (ii) There was no rescheduled loan as of 30 June 2021 and 31 December 2020.
- (iii) There were no overdue or rescheduled advances to banks and other assets (trade bills and debt securities) as of 30 June 2021 and 31 December 2020.
- (iv) There were collaterals of HK\$71,555,421 and HK\$71,437,910 in respect of the overdue loans and advances, consisted mainly of the equity shares of the borrower as of 30 June 2021 and 31 December 2020 respectively.
- (v) There were no repossessed assets held as of 30 June 2021 and 31 December 2020.
- (vi) There were HK\$554,589,577 and HK\$579,114,335 specific provisions for overdue loans and advances as of 30 June 2021 and 31 December 2020 respectively.

**ADDITIONAL INFORMATION****7. NON-BANK MAINLAND EXPOSURES**

30 June 2021

Types of Counterparties	On-balance sheet exposure HK\$m	Off-balance sheet exposure HK\$m	Total HK\$m
1. Central government, central government-owned entities and their subsidiaries and JVs	2,766	-	2,766
2. Local governments, local government-owned entities and their subsidiaries and JVs	557	-	557
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,784	57	3,841
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	284	3,526	3,810
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,116	-	1,116
<b>Total</b>	<b>8,507</b>	<b>3,583</b>	<b>12,090</b>
<b>Total assets after provision</b>	<b>60,009</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>14.18%</b>		

**ADDITIONAL INFORMATION****7. NON-BANK MAINLAND EXPOSURES (continued)**

31 December 2020

Types of Counterparties	On-balance sheet exposure HK\$m	Off-balance sheet exposure HK\$m	Total HK\$m
1. Central government, central government-owned entities and their subsidiaries and JVs	1,041	-	1,041
2. Local governments, local government-owned entities and their subsidiaries and JVs	560	-	560
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,217	58	4,275
4. Other entities of central government not reported in item 1 above	233	-	233
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	336	3,098	3,434
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,120	-	1,120
<b>Total</b>	<b>7,507</b>	<b>3,156</b>	<b>10,663</b>
<b>Total assets after provision</b>	<b>52,789</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>14.22%</b>		

## ADDITIONAL INFORMATION

### 8. INTERNATIONAL CLAIMS

International claims are disclosed by country or geographical segment based on the physical location of the counterparty in which not less than 10% of total international claims (including Hong Kong) after taking into account the transfer of risks. In general, such transfer of risk takes place if the claims are guaranteed by party in a country, which is different from that of the counterparty, or if the claims are on an overseas branch of a bank whose head office is located in another country.

As at 30 June 2021	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sectors	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1. Developed countries of which	28,201	1,575	1,836	10,272	41,884
- Italy	24,955	77	-	915	25,947
2. Offshore centres	7	61	55	8,398	8,521
3. Developing Asia and Pacific	989	46	426	3,637	5,098
<b>As at 31 December 2020</b>	<b>Banks</b>	<b>Official sector</b>	<b>Non-bank private sector</b>		<b>Total</b>
	HK\$m	HK\$m	Non-bank financial institutions HK\$m	Non-financial private sectors HK\$m	HK\$m
1. Developed countries of which	23,516	1,115	2,090	8,781	35,502
- Italy	20,458	-	-	969	21,427
2. Offshore centres	3	-	-	6,686	6,689
3. Developing Asia and Pacific	291	46	237	4,803	5,377

## ADDITIONAL INFORMATION

### 9. FOREIGN CURRENCY EXPOSURES

The foreign currency exposures are prepared in accordance with the HKMA banking return of "Foreign Currency Position" completion instructions. Foreign currencies, which constitutes not less than 10% of the total net position in all foreign currencies of the Branch, are disclosed as follows:

30 June 2021	USD HK\$m	EUR HK\$m	JPY HK\$m	AUD HK\$m	Others HK\$m	Total HK\$m
Spot assets	30,997	6,890	7,261	10,626	2,649	58,423
Spot liabilities	(42,233)	(6,526)	(3,875)	(3,896)	(1,724)	(58,254)
Forward purchases	16,746	2,779	2,206	3,220	908	25,859
Forward sales	(5,402)	(3,130)	(5,570)	(9,933)	(1,837)	(25,872)
Net long / (short) position	<u>108</u>	<u>13</u>	<u>22</u>	<u>17</u>	<u>(4)</u>	<u>156</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

  

31 December 2020	USD HK\$m	EUR HK\$m	JPY HK\$m	AUD HK\$m	Others HK\$m	Total HK\$m
Spot assets	26,541	7,236	7,926	7,217	3,160	52,080
Spot liabilities	(32,822)	(7,259)	(4,944)	(4,014)	(1,449)	(50,488)
Forward purchases	11,339	1,958	2,271	1,263	398	17,229
Forward sales	(5,040)	(1,942)	(5,250)	(4,461)	(2,119)	(18,812)
Net long / (short) position	<u>18</u>	<u>(7)</u>	<u>3</u>	<u>5</u>	<u>(10)</u>	<u>9</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**ADDITIONAL INFORMATION****10. OFF-BALANCE SHEET EXPOSURES****(i) Contingent Liabilities and commitments**

The following is a summary of the contractual or notional amounts of each material class of contingent liability and commitment outstanding:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
Direct credit substitutes	610,607	512,814
Transaction-related contingencies	-	-
Trade-related contingencies	1,691,413	394,793
Note issuance and revolving underwriting facilities	-	-
Other commitments	13,705,271	15,519,163
Others - Forward forward deposits placed	<u>1,281,416</u>	<u>347,145</u>
	<u>17,288,707</u>	<u>16,773,915</u>

**(ii) Derivatives**

The following is a summary of the total contractual or notional amount of derivative transactions:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
Exchange rate-related derivative contracts		
excluded forward foreign exchange contracts		
arising from swap deposit arrangements)	26,378,992	19,253,104
Interest rate derivative contracts	94,674,120	105,510,429
Others	-	-
	<u>121,053,112</u>	<u>124,763,533</u>

**ADDITIONAL INFORMATION****10. OFF-BALANCE SHEET EXPOSURES (continued)****(ii) Derivatives (continued)**

The total fair value of the above off-balance sheet derivative transactions which have been taken into account the effects of bilateral netting arrangement are as follows:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
Exchange rate-related contracts	93,912	(129,837)
Valid bilateral netting agreement	<u>-</u>	<u>-</u>
	<u>93,912</u>	<u>(129,837)</u>
Interest rate derivative contracts	78,920	(82,075)
Valid bilateral netting agreement	<u>-</u>	<u>-</u>
	<u>78,920</u>	<u>(82,075)</u>
Others	<u>-</u>	<u>-</u>
	<u>172,832</u>	<u>(211,912)</u>

The notional amounts of the off-balance sheet instruments indicate the volume of transactions outstanding at the balance sheet date and do not represent amounts at risk.

**11. LIQUIDITY RATIOS**

	For the period From 01.04.2021 To 30.06.2021	For the period From 01.01.2021 To 31.03.2021	For the period From 01.01.2020 To 30.06.2020
Average Liquidity Maintenance Ratio ("LMR")	<u>49.12%</u>	<u>41.28%</u>	<u>51.42%</u>

The average LMR is calculated based on the arithmetic mean of each calendar month's average LMR calculated during the reporting period in accordance with the Banking (Liquidity) Rules and complies with the minimum requirement of 25% as stipulated by the Hong Kong Monetary Authority (HKMA).



## ADDITIONAL INFORMATION

### 12. DISCLOSURE ON REMUNERATION

According to the Supervisory Policy Manual ("SPM") CG-5 "Guideline on a Sound Remuneration System" issued by HKMA, the Branch, as an overseas-incorporated Authorized Institution is not required to make separate disclosures in respect of the remuneration system applicable to their Hong Kong operations. The disclosures made by Head Office in the Annual Report also cover information as set out in the said Guideline, where appropriate. The relevant Annual Report can be viewed in the Investor Relations section of the Intesa Sanpaolo website: [www.group.intesasanpaolo.com](http://www.group.intesasanpaolo.com)

**BANK INFORMATION (CONSOLIDATED BASIS)**

The following information is based on the consolidated financial statements of Intesa Sanpaolo S.p.A. as of 30 June 2021, 31 December 2020 and 30 June 2020

## (i) Capital adequacy ratio and shareholders' funds

	30 June 2021	31 December 2020
Capital adequacy ratio	<u>19.60%</u>	<u>19.60%</u>

The capital adequacy ratio is computed in accordance with the Basel Capital Accord taking into consideration of an allowance for market risk.

	30 June 2021	31 December 2020
	EUR'm	EUR'm
Aggregate amount of shareholders' funds	<u>66,232</u>	<u>65,894</u>

## (ii) Other financial information

	30 June 2021	31 December 2020
	EUR'm	EUR'm
Total assets	1,057,595	1,034,002
Total liabilities	991,363	968,108
Total loans and advances	656,626	615,260
Total customer deposits	<u>735,810</u>	<u>729,976</u>

	Period ended	Period ended
	30 June 2021	30 June 2020
	EUR'm	EUR'm
Profit before taxation	<u>3,713</u>	<u>2,164</u>

The financial information of Intesa Sanpaolo S.p.A. have been prepared in accordance with International Financial Reporting Standards and the comparative information have been restated to conform with the current period's presentation.

## CHIEF EXECUTIVE'S DECLARATION

This is to certify that the information disclosed above complies with the Banking (Disclosure) rules and the disclosure standards set out in the Supervisory Policy Manual - "Guideline on the Application of the Banking (Disclosure) Rules" issued by the Hong Kong Monetary Authority and is not false or misleading.



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Alessandro Vitale  
Chief Executive



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Francesco Rinaldi  
Alternate Chief Executive

29 September 2021