

**PING AN BANK CO., LTD.,
HONG KONG BRANCH**

**Interim Financial Disclosure Statement 2022
(Unaudited)**

Contents

In compliance with the disclosure standards set out in the Banking (Disclosure) Rules, the following key financial information (unaudited) is presented as follows, which is also available at the office of Ping An Bank Co., Ltd., Hong Kong Branch (the “Branch”) (42/F, One Exchange Square, Central, Hong Kong) and the official website of the Hong Kong Monetary Authority (the “HKMA”), (www.hkma.gov.hk) and Ping An Bank Co., Ltd. (bank.pingan.com).

	Page
Income Statement	3
Balance Sheet	4
Supplementary Information	5 – 14
Consolidated Financial Statements	15
Compliance Statement	16

Income Statement

For the half-year ended 30 June 2022

	Half-year ended 30 June 2022 <u>HK\$'000</u>	Half-year ended 30 June 2021 <u>HK\$'000</u>
Interest income	457,065	333,761
Interest expense	(284,562)	(150,784)
Net interest income	172,503	182,977
Gains less losses from dealing in foreign currencies	32,829	27,570
Gains less losses from other trading activities	138,900	25,893
Gains less losses on securities held for trading	296	10
Net fee and commission income	73,281	27,176
- <i>Fee and commission income</i>	76,415	29,745
- <i>Fee and commission expenses</i>	(3,134)	(2,569)
Other operating income	73,284	67,918
Operating income	491,093	331,544
Staff expenses	(152,665)	(80,131)
Rental expenses	(12,834)	(12,287)
Other operating expenses	(9,913)	(10,872)
Operating expenses	(175,412)	(103,290)
Operating profit before impairment	315,681	228,254
Net charge for impairment allowances	(111,584)	(184,847)
Profit before taxation	204,097	43,407
Taxation	(56,447)	(34,041)
Profit for the period	147,650	9,366

Balance Sheet

As at 30 June 2022

	30 June 2022	31 Dec 2021
	<u>HK\$'000</u>	<u>HK\$'000</u>
Assets		
Cash and balances with banks	16,481,953	11,606,300
Due from exchange fund	65,335	7,616
Placements with banks maturing in 1 to 12 months	3,960,071	9,664,343
Amount due from head office	73,284	65,884
Certificates of deposit held	1,525,832	1,257,539
Investment securities	13,568,667	14,268,446
Securities held for trading	-	-
Loan and receivables		
- Loan and advances to customers	27,665,101	18,505,503
- Accrued interest and other accounts	76,269	31,913
- Expected credit loss provision (Stage 1)	(315,608)	(267,589)
Fixed assets	16,201	19,600
Other assets	816,516	258,946
Total Assets	63,933,621	55,418,501
Reserves and Liabilities		
Deposits and balances from banks	16,803,273	11,763,893
Deposits from customers		
- Demand deposits and current accounts	88,655	18,299
- Saving deposits	889,957	3,320,893
- Time, call and notice deposits	26,685,527	25,562,698
Amount due to overseas offices	10,390,212	8,007,646
Certificates of deposit issued	8,668,647	6,428,411
Other liabilities	536,454	350,804
Total Liabilities	64,062,725	55,452,644
Reserves		
Other reserves	(276,754)	(184,356)
Profit for the period	147,650	150,213
Total Reserves and Liabilities	63,933,621	55,418,501

Supplementary Information

For the half-year ended 30 June 2022

1) Impaired loans and advances to customers and banks

As at 30 June 2022 and 31 December 2021, the Branch has no impaired loans and advances to customers and banks.

2) Loan and advances to customers

(a) Breakdown by industry sectors

	30 June 2022		31 December 2021	
	<u>HK\$'000</u>	<u>% covered</u>	<u>HK\$'000</u>	<u>% covered</u>
		<u>by collateral</u>		<u>by collateral</u>
Industrial, commercial and financial				
Manufacturing	-	-	187,115	-
Property development	1,845,000	-	545,000	-
Property investment	2,390,000	-	-	-
Civil engineering works	2,931,993	-	546,792	100%
Information technology	142,500	-	142,500	-
Financial concerns	3,987,416	10.15%	1,867,381	0.01%
Stockbrokers	2,161,489	-	2,293,144	-
Others	270,153	-	-	-
Loans for use in Hong Kong	13,728,551	2.95%	5,581,932	9.80%
Loan for use outside Hong Kong	13,936,550	32.02%	12,923,571	43.99%
	<u>27,665,101</u>	<u>19.06%</u>	<u>18,505,503</u>	<u>33.68%</u>

(b) Breakdown by geographical segments

	30 June 2022	31 December 2021
	<u>HK\$'000</u>	<u>HK\$'000</u>
Hong Kong	18,158,554	13,055,349
Mainland China	7,768,456	4,080,303
Other	1,738,091	1,369,851
	<u>27,665,101</u>	<u>18,505,503</u>

The above analysis is based on the location of the counterparties after taking into account the transfer of risk. In general, the transfer of risk applies when an advance is guaranteed by a party in a country different from that of the counterparty.

Supplementary Information

For the half-year ended 30 June 2022

3) Overdue and rescheduled advances, repossessed assets

As at 30 June 2022 and 31 December 2021, the Branch has no overdue or rescheduled loans and advances to customers, and no repossessed assets.

4) International claims

	30 June 2022				Total
	Banks	Official sector	Non-bank private sector		
			Non-bank financial institutions	Non-financial private sector	
Developing Asia Pacific					
of which Mainland China	13,793	205	5,684	5,595	25,277
Offshore Centres					
of which Hong Kong	2,583	-	2,717	8,935	14,235

	31 December 2021				Total
	Banks	Official sector	Non-bank private sector		
			Non-bank financial institutions	Non-financial private sector	
Developing Asia Pacific					
of which Mainland China	14,348	214	6,980	4,791	26,333
Offshore Centres					
of which Hong Kong	1,237	-	2,677	8,576	12,490

The information on international claims discloses exposures to foreign counterparties of which the location of the ultimate risk is determined after taking into account any risk transfer. In general, a transfer of risk takes place if a claim is guaranteed by a party in a country different from that of the counterparty, or a claim is on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate international claims are disclosed.

Supplementary Information

For the half-year ended 30 June 2022

5) Non-bank Mainland exposures

	30 June 2021			
	<u>HK\$'000</u>			
	On-balance sheet exposures	Off-balance sheet exposures	Total	Individually assessed impairment allowances
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	7,699,583	-	7,699,583	-
2. Local government, local government owned entities and their subsidiaries and JVs	12,023,185	1,342,440	13,365,625	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,621,908	222,285	6,844,193	-
4. Other entities of central government not reported in item 1 above	-	-	-	-
5. Other entities of central government 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	5,280,319	-	5,280,319	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	546,219	-	546,219	-
Total	32,171,214	1,564,725	33,735,939	-
Total assets after provisions	63,933,621			
On-Balance Sheet exposure as % of total assets	50.32%			

Supplementary Information

For the half-year ended 30 June 2022

5) Non-bank Mainland exposures (continued)

	31 December 2021			
	<u>HK\$'000</u>			
	On-balance sheet exposures	Off-balance sheet exposures	Total	Individually assessed impairment allowances
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	6,810,418	-	6,810,418	-
2. Local government, local government owned entities and their subsidiaries and JVs	6,282,775	3,622,675	9,905,450	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,484,187	218,301	7,702,488	-
4. Other entities of central government not reported in item 1 above	-	-	-	-
5. Other entities of central government 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	5,275,306	-	5,275,306	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	545,777	-	545,777	-
Total	26,398,463	3,840,976	30,239,439	-
Total assets after provisions	55,418,501			
On-Balance Sheet exposure as % of total assets	47.63%			

Supplementary Information

For the half-year ended 30 June 2022

6) Currency risk

	30 June 2022			
	<u>HK\$ millions</u>			
	<u>USD</u>	<u>CNY</u>	<u>EUR</u>	<u>Total</u>
Spot assets	34,419	5,761	4,496	44,676
Spot liabilities	(42,812)	(4,864)	(1,025)	(48,701)
Forward purchases	10,722	1,406	-	12,128
Forward sales	(2,138)	(2,261)	(3,398)	(7,797)
Net options position	-	-	-	-
Net long (short) position	191	42	73	306
Net structural position	-	-	-	-

	31 December 2021			
	<u>HK\$ millions</u>			
	<u>USD</u>	<u>CNY</u>	<u>EUR</u>	<u>Total</u>
Spot assets	36,931	3,674	2,133	42,738
Spot liabilities	(39,362)	(3,635)	(2)	(42,999)
Forward purchases	4,478	-	-	4,478
Forward sales	(1,559)	-	(2,077)	(3,636)
Net options position	-	-	-	-
Net long (short) position	488	39	54	581
Net structural position	-	-	-	-

The net position in particular foreign currency is disclosed if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies. The net options position is calculated using the delta equivalent approach.

Supplementary Information

For the half-year ended 30 June 2022

7) Off-balance Sheet exposures

(a) Contingent liabilities and commitments

	30 June 2022	31 December 2021
	<u>HK\$'000</u>	<u>HK\$'000</u>
Direct credit substitutes	-	-
Trade-related contingencies	-	-
Other commitments	2,898,312	5,002,322
Others	-	-

(b) Derivatives

	30 June 2022	31 December 2021
	<u>HK\$'000</u>	<u>HK\$'000</u>
Contract amount		
- Exchange rate contracts	12,861,854	6,031,751
- Interest rate contracts	14,968,928	8,095,754
Fair value		
- Exchange rate contracts	47,004	(8,605)
- Interest rate contracts	484,066	96,733

The above exposures do not take into account the effects of bilateral netting arrangements.

Supplementary Information

For the half-year ended 30 June 2022

8) Liquidity

	For the quarter ended 30 June 2022	For the quarter ended 30 June 2021
Average liquidity maintenance ratio	86.10%	79.56%

The average liquidity maintenance ratio is calculated based on the arithmetic mean of the average values reported for each month during the quarter in the Return of Liquidity Position submitted by the Branch to the HKMA pursuant to Section 63 of the Banking Ordinance.

Liquidity Risk Management

Governance

Liquidity risk refers to the risk that a Branch cannot obtain sufficient funds at a reasonable cost for timely debt repayments, fulfilling payment obligations and funding business activities.

The Branch's liquidity risk management structure consists of the Asset and Liability Management Committee ("ALCO"), Finance and Planning Department, Risk Management Department, business units and other relevant departments. The ALCO is responsible for supervising the liquidity risk management, and the departments formulating and carrying out relevant policies and strategies for liquidity risk management.

The Branch adheres to a cautious liquidity risk management principle and a prudent management strategy, and determines a risk tolerance level through regular assessment of risk factors. The Branch establishes a reasonable and effective liquidity risk management mechanism to identify, measure, monitor and control liquidity risk, and ensures sufficient funds for the asset growth and the repayment of liabilities, in normal or stressed business environment.

Funding

The Branch's liquidity and funding positions are managed independently. Funding is mainly sourced from the head office, interbank borrowing, customer deposits and certificates of deposit issued. The ALCO regularly reviews the asset-liability portfolio, market conditions and other factors so as to improve the funding strategy. The Branch continues to exploit the funding opportunities and diversify the funding sources.

Supplementary Information

For the half-year ended 30 June 2022

8) Liquidity (continued)

Liquidity Stress Testing

The liquidity risk stress test is an important tool for the assessment on quantitative management of the liquidity risk. The Branch considers various factors and formulates stress scenarios on the liquidity risk in accordance with the characteristics of different assets, liabilities and off-balance sheet items. The Branch performs stress testing on a regular basis, which provides the basis for decision making on the formulation and revision of liquidity risk appetite, strategy and limits.

Liquidity Risk Mitigation

The ALCO regularly discusses strategies and plans to manage the liquidity risk of the Branch. To mitigate the risk, the Branch monitors and optimizes the asset and liability structure in a timely manner, through responsive liability management to achieve stable growth of the core liabilities. The Branch also manages the liquidity mismatch risk, and maintains diversified funding sources.

Contingency Funding Plan

To cater for potential or actual crisis, the branch has set up a contingency funding plan that established clear lines of responsibilities, a series of early warning indicators, procedures and contingent funding measures to handle and respond to liquidity crisis. The contingency funding plan is reviewed and the relevant drill is performed at least once a year in order to ensure its effectiveness and operational feasibility.

Source of funding

	30 June 2022	30 June 2021
	<u>% of total liabilities</u>	<u>% of total liabilities</u>
Deposits and balances from banks	26%	6%
Deposits from customers	43%	69%
Amount due to head office	16%	12%
Certificates of deposit issued	14%	12%
Others	1%	1%
Total liabilities	<u>100%</u>	<u>100%</u>

Supplementary Information

For the half-year ended 30 June 2022

8) Liquidity (continued)

Cash Flow Maturity Mismatch Analysis

30 June 2022
(HKD'000)

	Next day	2 days to 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue
Deposits from customers	978,610	7,223,279	16,513,848	2,948,402	-	-	-
Amount payable arising from derivatives contracts	8,761	11,007,708	945,359	1,082,340	577,816	21,264	-
Deposits and balances from banks	174,489	14,185,832	8,863,793	3,969,373	-	-	-
Debt securities & prescribed instruments outstanding	-	393,170	2,118,245	6,232,546	-	-	-
Other liabilities	-	156,859	-	-	-	-	327,596
Capital and reserves	-	-	-	-	-	-	(129,104)
Total on-balance sheet liabilities	1,161,860	32,966,848	28,441,245	14,232,661	577,816	21,264	198,492
Total off-balance sheet obligations	-	2,017,362	-	-	-	-	-
	Next day	2 days to 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue
Amount receivable arising from derivative contracts	3,993	11,037,076	968,400	1,265,555	909,662	19,557	-
Due from MA for a/c of Exchange Fund	65,335	-	-	-	-	-	-
Balances and placements with banks	746,077	15,825,582	1,650,831	2,309,239	-	-	-
Debt securities & prescribed instruments held	15,222,172	-	-	-	-	-	-
Loans and advances to customers	-	4,494,263	3,783,313	6,931,066	12,532,618	-	-
Other assets	-	44,021	-	-	-	-	280,992
Total on-balance sheet assets	16,037,577	31,400,942	6,402,544	10,505,860	13,442,280	19,557	280,992
Total off-balance sheet claims	-	-	-	-	-	-	5,000,000
Contractual Maturity Mismatch	14,875,717	(3,583,268)	(22,038,701)	(3,726,801)	12,864,464	(1,707)	
Cumulative Contractual Maturity Mismatch	14,875,717	11,292,449	(10,746,252)	(14,473,053)	(1,608,589)	(1,610,296)	

Positive indicates a position of liquidity surplus, while negative indicates a liquidity shortfall.

Supplementary Information

For the half-year ended 30 June 2022

8) Liquidity (continued)

Cash Flow Maturity Mismatch Analysis

30 June 2021
(HKD'000)

	Next day	2 days to 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue
Deposits from customers	1,566,942	14,912,908	11,656,120	2,847,781	-	-	-
Amount payable arising from derivatives contracts	593,125	2,549,952	630,698	952,040	90,294	-	-
Deposits and balances from banks	496,330	2,330,288	4,659,608	816,966	-	-	-
Debt securities & prescribed instruments outstanding	-	776,474	388,237	4,115,663	-	-	-
Other liabilities	225,562	2,959	-	-	-	-	244,961
Capital and reserves	-	-	-	-	-	-	(102,748)
Total on-balance sheet liabilities	2,881,959	20,572,581	17,334,663	8,732,450	90,294	-	142,213
Total off-balance sheet obligations	-	833,855	-	-	-	-	-
	Next day	2 days to 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue
Amount receivable arising from derivative contracts	593,205	2,568,420	623,491	938,978	24,586	-	-
Due from MA for a/c of Exchange Fund	470,128	-	-	-	-	-	-
Balances and placements with banks	1,388,087	6,052,481	3,230,188	4,867,321	-	-	-
Debt securities & prescribed instruments held	15,165,641	-	-	-	-	-	-
Loans and advances to customers	-	1,815,593	817,472	700,184	10,438,833	-	-
Other assets	122,612	-	-	-	-	-	161,524
Total on-balance sheet assets	17,739,673	10,436,494	4,671,151	6,506,483	10,463,419	-	161,524
Total off-balance sheet claims	-	360,198	-	-	-	-	5,000,000
Contractual Maturity Mismatch	14,857,714	(10,609,744)	(12,663,512)	(2,225,967)	10,373,125	-	-
Cumulative Contractual Maturity Mismatch	14,857,714	4,247,970	(8,415,542)	(10,641,509)	(268,384)	(268,384)	-

Positive indicates a position of liquidity surplus, while negative indicates a liquidity shortfall.

Consolidated Financial Statements

Ping An Bank Co., Ltd.

(a) Capital adequacy ratio and shareholder's fund

	30 June 2022	31 December 2021
	<u>RMB million</u>	<u>RMB million</u>
Capital adequacy ratio	13.09%	13.34%
Shareholders' equity	412,098	395,448

The capital adequacy ratio above is calculated in accordance with the guidelines issued by the China Banking and Insurance Regulatory Commission, and is not calculated according to the documents as stated in Section 105(a) of the Banking (Disclosure) Rules.

(b) Other financial information

	30 June 2022	31 December 2021
	<u>RMB million</u>	<u>RMB million</u>
Total assets	5,108,776	4,921,380
Total liabilities	4,696,678	4,525,932
Total loans and advances	3,225,095	3,063,448
Total customer deposits	3,243,241	2,961,819

	Half-year ended	Half-year ended
	30 June 2022	30 June 2021
	<u>RMB million</u>	<u>RMB million</u>
Pre-tax profit	27,783	22,341

1 CNY = 1.2007 HKD at 30 June 2021

1 CNY = 1.2233 HKD at 31 December 2021

1 CNY = 1.1714 HKD at 30 June 2022

Compliance Statement

The Ping An Bank Co., Ltd., Hong Kong Branch's 2022 interim financial disclosure statements are prepared in full compliance with the requirements set out in the Banking (Disclosure) Rules and the Supervisory Policy Manual (SPM) module CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" issued by the HKMA.



Sun Li
Chief Executive
Ping An Bank Co., Ltd., Hong Kong Branch

26th September 2022