

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

**Interim Financial Disclosure Statement 2023
(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).

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Income Statement

For the half-year ended 30 June 2023

	Half-year ended 30 June 2023 <u>HK\$'000</u>	Half-year ended 30 June 2022 <u>HK\$'000</u>
Interest income	1,297,765	457,065
Interest expense	(1,195,449)	(284,562)
Net interest income	102,316	172,503
Gains less losses from dealing in foreign currencies	22,715	32,829
Gains less losses from other trading activities	56,539	138,900
Gains less losses on securities held for trading	-	296
Net fee and commission income	95,577	73,281
- <i>Fee and commission income</i>	98,242	76,415
- <i>Fee and commission expenses</i>	(2,665)	(3,134)
Other operating income	59,717	73,284
Operating income	336,864	491,093
Staff expenses	(148,411)	(152,665)
Rental expenses	(23,669)	(12,834)
Other operating expenses	(14,956)	(9,913)
Operating expenses	(187,036)	(175,412)
Operating profit before impairment	149,828	315,681
Net credit/(charge) for impairment allowances	32,277	(111,584)
Profit before taxation	182,105	204,097
Taxation	(22,434)	(56,447)
Profit for the period	159,671	147,650

Balance Sheet

As at 30 June 2023

	30 June 2023	31 Dec 2022
	<u>HK\$'000</u>	<u>HK\$'000</u>
Assets		
Cash and balances with banks	3,420,681	1,298,636
Due from exchange fund	132,801	61,629
Placements with banks maturing in 1 to 12 months	4,008,711	12,243,862
Amount due from head office	2,461,157	62,200
Certificates of deposit held	3,875,842	1,600,873
Investment securities	11,632,857	12,457,138
Derivative assets	281,361	221,167
Loan and receivables		
- Loan and advances to customers	29,629,895	33,631,462
- Accrued interest and other accounts	126,000	160,006
- Expected credit loss provision (Stage 1)	(654,144)	(622,725)
Right-of-use assets	63,307	83,269
Fixed assets	32,506	18,800
Other assets	56,528	84,943
Total Assets	<u>55,067,502</u>	<u>61,301,260</u>
Reserves and Liabilities		
Deposits and balances from banks	10,360,737	14,026,990
Deposits from customers		
- Demand deposits and current accounts	61,880	18,905
- Saving deposits	1,840,173	2,897,892
- Time, call and notice deposits	29,142,991	30,977,519
Amount due to head office	8,605,545	7,816,362
Certificates of deposit issued	4,801,971	5,375,242
Derivative liabilities	80,037	124,258
Right of use liabilities	67,769	87,355
Other liabilities	241,226	351,162
Total Liabilities	<u>55,202,329</u>	<u>61,675,685</u>
Reserves		
Other reserves	(294,498)	(213,797)
Profit for the period	159,671	(160,628)
Total Reserves and Liabilities	<u>55,067,502</u>	<u>61,301,260</u>

Supplementary Information

For the half-year ended 30 June 2023

1) Impaired loans and advances to customers and banks

As at 30 June 2023 and 31 December 2022, the Branch has no stage 2 and 3 impaired loans and advances to customers and banks.

2) Loan and advances to customers

(a) Breakdown by industry sectors

	30 June 2023		31 December 2022	
	<u>HK\$'000</u>	<u>% covered</u>	<u>HK\$'000</u>	<u>% covered</u>
		by collateral		by collateral
Industrial, commercial and financial				
Manufacturing	789,143	9.93%	506,841	-
Property development	2,423,600	-	2,573,600	-
Property investment	980,000	-	2,390,000	78.49%
Civil engineering works	900,000	-	2,076,102	-
Electricity and gas	976,660	-	787,999	-
Wholesale and retail trade	188,027	-	142,500	-
Information technology	422,229	-	187,141	-
Financial concerns	7,920,063	-	5,495,802	-
Stockbrokers	3,092,500	-	4,488,992	-
Others	1,566,894	50.00%	1,120,898	-
Loans for use in Hong Kong	19,259,116	4.47%	19,769,875	9.49%
Loans for use outside Hong Kong	10,370,779	22.36%	13,861,587	40.07%
	<u>29,629,895</u>	<u>10.73%</u>	<u>33,631,462</u>	<u>27.67%</u>

(b) Breakdown by geographical segments

	30 June 2023	31 December 2022
	<u>HK\$'000</u>	<u>HK\$'000</u>
Hong Kong	21,666,040	24,295,477
Mainland China	4,717,401	7,115,112
Other	3,246,454	2,220,873
	<u>29,629,895</u>	<u>33,631,462</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 2023

3) Overdue and rescheduled advances, repossessed assets

As at 30 June 2023 and 31 December 2022, the Branch has no overdue or rescheduled loans and advances to customers, and no repossessed assets.

4) International claims

	30 June 2023				
	<u>HK\$ millions</u>				
	Banks	Official sector	Non-bank Financial institutions	Non- financial private sector	Total
Developing Asia Pacific					
of which Mainland China	12,786	-	4,588	2,411	19,785
Offshore Centres					
of which Hong Kong	399	279	5,487	10,138	16,303

	31 December 2022				
	<u>HK\$ millions</u>				
	Banks	Official sector	Non-bank Financial institutions	Non- financial private sector	Total
Developing Asia Pacific					
of which Mainland China	13,907	101	4,554	4,485	23,047
Offshore Centres					
of which Hong Kong	1,607	-	4,808	11,063	17,478

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 2023

5) Non-bank Mainland exposures

	30 June 2023			
	<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)	8,339,820	-	8,339,820	-
2. Local government, local government owned entities and their subsidiaries and JVs	6,723,017	-	6,723,017	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,683,859	783,447	8,467,306	-
4. Other entities of central government not reported in item 1 above	-	-	-	-
5. Other entities of central government not reported in item 2 above	137,261	-	137,261	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,231,807	-	5,231,807	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	527,171	-	527,171	-
Total	28,642,935	783,447	29,426,382	-
Total assets after provisions	55,067,502			
On-Balance Sheet exposure as % of total assets	52.01%			

Supplementary Information

For the half-year ended 30 June 2023

5) Non-bank Mainland exposures (continued)

	31 December 2022			
	<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)	9,482,989	75,191	9,558,180	-
2. Local government, local government owned entities and their subsidiaries and JVs	12,264,076	232,099	12,496,175	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,218,319	1,136,899	8,355,218	-
4. Other entities of central government not reported in item 1 above	-	-	-	-
5. Other entities of central government not reported in item 2 above	133,809	-	133,809	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,217,844	15,015	5,232,859	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	528,609	-	528,609	-
Total	34,845,646	1,459,204	36,304,850	-
Total assets after provisions	61,301,260			
On-Balance Sheet exposure as % of total assets	56.84%			

Supplementary Information

For the half-year ended 30 June 2023

6) Currency risk

	30 June 2023			
	<u>HK\$ millions</u>			
	<u>USD</u>	<u>CNY</u>	<u>EUR</u>	<u>Total</u>
Spot assets	28,860	9,004	2,722	40,586
Spot liabilities	(30,980)	(9,165)	(1,004)	(41,149)
Forward purchases	3,260	385	-	3,645
Forward sales	(797)	(147)	(1,563)	(2,507)
Net options position	-	-	-	-
Net long (short) position	<u>343</u>	<u>77</u>	<u>155</u>	<u>575</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	31 December 2022			
	<u>HK\$ millions</u>			
	<u>USD</u>	<u>CNY</u>	<u>EUR</u>	<u>Total</u>
Spot assets	36,782	4,902	3,980	45,664
Spot liabilities	(37,096)	(7,551)	(3,580)	(48,227)
Forward purchases	5,624	2,966	1,081	9,671
Forward sales	(5,110)	(209)	(1,384)	(6,703)
Net options position	-	-	-	-
Net long (short) position	<u>200</u>	<u>108</u>	<u>97</u>	<u>405</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 2023

7) Off-balance Sheet exposures

(a) Contingent liabilities and commitments

	30 June 2023	31 December 2022
	<u>HK\$'000</u>	<u>HK\$'000</u>
Direct credit substitutes	-	-
Trade-related contingencies	-	-
Other commitments	2,752,634	3,924,228
Others	-	-

(b) Derivatives

	30 June 2023	31 December 2022
	<u>HK\$'000</u>	<u>HK\$'000</u>
Contract amount		
- Exchange rate contracts	4,080,837	10,471,903
- Interest rate contracts	12,437,997	10,929,046
Fair value		
- Exchange rate contracts	(8,107)	(57,647)
- Interest rate contracts	236,588	159,213

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

Supplementary Information

For the half-year ended 30 June 2023

8) Liquidity

	For the quarter ended 30 June 2023	For the quarter ended 30 June 2022
Average liquidity maintenance ratio	105.26%	86.10%

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 2023

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 2023	30 June 2022
	<u>% of total liabilities</u>	<u>% of total liabilities</u>
Deposits and balances from banks	19%	26%
Deposits from customers	56%	43%
Amount due to head office	15%	16%
Certificates of deposit issued	9%	14%
Others	1%	1%
Total liabilities	<u>100%</u>	<u>100%</u>

Supplementary Information

For the half-year ended 30 June 2023

8) Liquidity (continued)

Cash Flow Maturity Mismatch Analysis

30 June 2023
(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	2,071,464	7,024,050	12,372,865	9,573,335	3,330	-	-
Amount payable arising from derivatives contracts	267,348	1,912,857	1,498,996	803,050	700,748	-	-
Deposits and balances from banks	761,104	6,030,548	3,875,265	8,299,365	-	-	-
Debt securities & prescribed instruments outstanding	-	-	202,514	4,700,595	-	-	-
Other liabilities	-	8,631	-	-	-	-	300,363
Capital and reserves	-	-	-	-	-	-	(134,825)
Total on-balance sheet liabilities	3,099,916	14,976,086	17,949,640	23,376,345	704,078	-	165,538
Total off-balance sheet obligations	-	931,363	-	-	-	-	-
	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	268,100	1,934,585	1,505,000	890,966	833,710	-	-
Due from MA for a/c of Exchange Fund	132,801	-	-	-	-	-	-
Balances and placements with banks	1,664,043	4,174,675	3,255,782	812,646	-	-	-
Debt securities & prescribed instruments held	15,595,945	-	-	-	-	-	-
Loans and advances to customers	-	5,323,165	7,549,621	5,830,563	10,676,492	376,054	-
Other assets	-	-	-	-	-	-	253,481
Total on-balance sheet assets	17,660,889	11,432,425	12,310,403	7,534,175	11,510,202	376,054	253,481
Total off-balance sheet claims	-	-	-	-	-	-	5,000,000
Contractual Maturity Mismatch	14,560,973	(4,475,024)	(5,639,237)	(15,842,170)	10,806,124	376,054	
Cumulative Contractual Maturity Mismatch	14,560,973	10,085,949	4,446,712	(11,395,458)	(589,334)	(213,280)	

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

Supplementary Information

For the half-year ended 30 June 2023

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.

Consolidated Financial Statements

Ping An Bank Co., Ltd.

(a) Capital adequacy ratio and shareholder's fund

	30 June 2023	31 December 2022
	<u>RMB million</u>	<u>RMB million</u>
Capital adequacy ratio	13.27%	13.01%
Shareholders' equity	452,073	434,680

The capital adequacy ratio above is calculated in accordance with the guidelines issued by the National Administration of Financial Regulation, 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 2023	31 December 2022
	<u>RMB million</u>	<u>RMB million</u>
Total assets	5,500,524	5,321,514
Total liabilities	5,048,451	4,886,834
Total loans and advances	3,439,131	3,329,161
Total customer deposits	3,381,534	3,312,684

	Half-year ended	Half-year ended
	30 June 2023	30 June 2022
	<u>RMB million</u>	<u>RMB million</u>
Pre-tax profit	31,933	27,783

1 CNY = 1.1714 HKD at 30 June 2022

1 CNY = 1.1195 HKD at 31 December 2022

1 CNY = 1.0759 HKD at 30 June 2023

Compliance Statement

The Ping An Bank Co., Ltd., Hong Kong Branch's 2023 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

15th September 2023