

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

**Interim Financial Disclosure Statement 2021
(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 2021

	Half-year ended 30 June 2021 <u>HK\$'000</u>	Half-year ended 30 June 2020 <u>HK\$'000</u>
Interest income	333,761	109,164
Interest expense	(150,784)	(94,456)
Net interest income	182,977	14,708
Gains less losses from dealing in foreign currencies	27,570	11,506
Gains less losses from other trading activities	25,893	(38)
Gains less losses on securities held for trading	10	-
Net fee and commission income	27,176	6,943
- <i>Fee and commission income</i>	29,745	7,915
- <i>Fee and commission expenses</i>	(2,569)	(972)
Other operating income	67,918	-
Operating income	331,544	33,119
Staff expenses	(80,131)	(26,515)
Rental expenses	(12,287)	(15,529)
Other operating expenses	(10,872)	(9,578)
Operating expenses	(103,290)	(51,622)
Operating profit / (loss) before impairment	228,254	(18,503)
Net charge for impairment allowances	(184,847)	(146,476)
Profit / (loss) before taxation	43,407	(164,979)
Taxation	(34,041)	-
Profit / (loss) for the period	9,366	(164,979)

Balance Sheet

30 June 2021

	30 June 2021	31 Dec 2020
	<u>HK\$'000</u>	<u>HK\$'000</u>
Assets		
Cash and balances with banks	7,660,542	4,333,275
Placements with banks maturing in 1 to 12 months	7,412,896	1,566,039
Amount due from overseas offices	913,011	110,294
Certificates of deposit held	2,489,715	173,975
Investment securities	12,586,052	9,809,501
Securities held for trading	-	-
Loan and receivables		
- Loan and advances to customers	13,754,839	9,067,677
- Accrued interest and other accounts	17,243	7,072
- Expected credit loss provision (Stage 1)	(222,231)	(101,109)
Fixed assets	22,655	26,653
Other assets	329,100	168,371
Total Assets	44,963,822	25,161,748
Reserves and Liabilities		
Deposits and balances from banks	2,670,288	5,529,001
Deposits from customers		
- Demand deposits and current accounts	7,659	-
- Saving deposits	1,185,328	891,047
- Time, call and notice deposits	29,790,765	13,092,479
Amount due to overseas offices	5,632,903	3,940,938
Certificates of deposit issued	5,263,436	1,432,058
Other liabilities	516,191	319,327
Total Liabilities	45,066,570	25,204,850
Reserves		
Other reserves	(112,114)	26,397
Profit / (Loss) for the period	9,366	(69,499)
Total Reserves and Liabilities	44,963,822	25,161,748

Supplementary Information

For the half-year ended 30 June 2021

1) Impaired loans and advances to customers

As at 30 June 2021 and 31 December 2020, the Branch has no impaired loans and advances to customers.

2) Loan and advances to customers

(a) Breakdown by industry sectors

	30 June 2021		31 December 2020	
	<u>% covered</u>		<u>% covered</u>	
	<u>HK\$'000</u>	<u>by collateral</u>	<u>HK\$'000</u>	<u>by collateral</u>
Industrial, commercial and financial				
Property investment	-	-	-	-
Financial concerns	1,590,860	-	620,142	-
Stockbrokers	2,060,137	-	649,382	-
Others	-	-	-	-
Loans for use in Hong Kong	3,650,997	-	1,269,524	-
Loan for use outside Hong Kong	10,103,842	25.25%	7,798,153	32.24%
	13,754,839	18.55%	9,067,677	27.73%

(b) Breakdown by geographical segments

	30 June 2021	31 December 2020
	<u>HK\$'000</u>	<u>HK\$'000</u>
Hong Kong	9,326,102	4,972,214
Mainland China	4,285,910	4,012,189
Other	142,827	83,274
	13,754,839	9,067,677

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.

3) Overdue and rescheduled advances, repossessed assets

As at 30 June 2021 and 31 December 2020, the Branch has no overdue or rescheduled loans and advances to customers, and no repossessed assets.

Supplementary Information

For the half-year ended 30 June 2021

4) International claims

	30 June 2021				Total
	Banks	Official sector	HK\$ million		
			Non-bank financial institutions	Non-bank private sector	
Developing Asia Pacific					
Mainland China	15,346	-	8,505	5,771	29,622
Offshore Centres					
Hong Kong	3,415	195	1,552	5,207	10,369

	31 December 2020				Total
	Banks	Official sector	HK\$ million		
			Non-bank financial institutions	Non-bank private sector	
Developing Asia Pacific					
Mainland China	5,434	192	4,643	5,873	16,142
Offshore Centres					
Hong Kong	208	120	967	3,268	4,563

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 2021

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)	6,583,552	-	6,583,552	-
2. Local government, local government owned entities and their subsidiaries and JVs	5,422,965	-	5,422,965	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,579,534	295,973	5,875,507	-
4. Other entities of central government not reported in item 1 above	-	-	-	-
5. Other entities of central government not reported in item 2 above	460,405	-	460,405	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,887,638	-	2,887,638	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-	-
Total	20,934,094	295,973	21,230,067	-
Total assets after provisions	44,963,822			
On-Balance Sheet exposure as % of total assets	46.56%			

Supplementary Information

For the half-year ended 30 June 2021

5) Non-bank Mainland exposures (continued)

	31 December 2020			
	<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)	4,310,340	66,444	4,376,784	-
2. Local government, local government owned entities and their subsidiaries and JVs	4,419,407	-	4,419,407	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,167,324	452,658	5,619,982	-
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	1,581,408	-	1,581,408	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-	-
Total	15,478,479	519,102	15,997,581	-
Total assets after provisions	25,203,901			
On-Balance Sheet exposure as % of total assets	61.41%			

Supplementary Information

For the half-year ended 30 June 2021

6) Currency risk

	30 June 2021		
	<u>HK\$ million</u>		
	<u>USD</u>	<u>CNY</u>	<u>Total</u>
Spot assets	29,382	6,434	35,816
Spot liabilities	(26,409)	(6,911)	(33,320)
Forward purchases	1,081	720	1,801
Forward sales	(3,636)	(240)	(3,876)
Net options position	-	-	-
Net long/ (short) position	<u>418</u>	<u>3</u>	<u>421</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>

	31 December 2020		
	<u>HK\$ million</u>		
	<u>USD</u>	<u>CNY</u>	<u>Total</u>
Spot assets	16,052	4,005	20,057
Spot liabilities	(13,139)	(7,506)	(20,645)
Forward purchases	1,460	3,490	4,950
Forward sales	(4,098)	-	(4,098)
Net options position	-	-	-
Net long / (short) position	<u>275</u>	<u>(11)</u>	<u>264</u>
Net structural position	<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 2021

7) Off-balance Sheet exposures

(a) Contingent liabilities and commitments

	30 June 2021	31 December 2020
	<u>HK\$'000</u>	<u>HK\$'000</u>
Direct credit substitutes	-	-
Trade-related contingencies	-	-
Other commitments	484,968	764,251
Others	-	-

(b) Derivatives

	30 June 2021	31 December 2020
	<u>HK\$'000</u>	<u>HK\$'000</u>
Contract amount		
- Exchange rate contracts	4,713,114	5,575,443
- Interest rate contracts	4,870,940	3,096,233
Fair value		
- Exchange rate contracts	17,469	4,239
- Interest rate contracts	24,378	(65)

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

Supplementary Information

For the half-year ended 30 June 2021

8) Liquidity

	For the quarter ended 30 June 2021	For the quarter ended 30 June 2020
Average liquidity maintenance ratio	<u>79.56%</u>	<u>106.27%</u>

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 2021

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 2021	30 June 2020
	<u>% of total liabilities</u>	<u>% of total liabilities</u>
Deposits and balances from banks	6%	32%
Deposits from customers	69%	50%
Amount due to head office	12%	17%
Certificates of deposit issued	12%	0%
Others	1%	1%
Total liabilities	<u>100%</u>	<u>100%</u>

Supplementary Information

For the half-year ended 30 June 2021

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.

Supplementary Information

For the half-year ended 30 June 2021

8) Liquidity (continued)

Cash Flow Maturity Mismatch Analysis

30 June 2020
(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	1,209,614	3,803,940	3,916,300	202,272	-	-	-
Amount payable arising from derivatives contracts	300,871	1,669,994	50,453	65,416	7,271	-	-
Deposits and balances from banks	-	1,653,237	6,036,711	1,238,399	-	-	-
Debt securities & prescribed instruments outstanding	-	-	-	-	-	-	-
Other liabilities	-	9,598	-	-	-	-	49,066
Capital and reserves	-	-	-	-	-	-	(140,527)
Total on-balance sheet liabilities	1,510,485	7,136,769	10,003,464	1,506,087	7,271	-	(91,461)
Total off-balance sheet obligations	387,509	733,628	-	-	-	-	-
	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	300,855	1,680,668	50,464	65,356	7,271	-	-
Due from MA for a/c of Exchange Fund	36,697	-	-	-	-	-	-
Balances and placements with banks	1,433,584	3,709,363	1,046,340	21,911	-	-	-
Debt securities & prescribed instruments held	5,736,735	-	-	-	-	-	-
Loans and advances to customers	-	5,862	502,574	2,325,053	3,202,223	-	-
Other assets	-	-	-	-	-	-	64,354
Total on-balance sheet assets	7,507,871	5,395,893	1,599,378	2,412,320	3,209,494	-	64,354
Total off-balance sheet claims	-	-	387,509	-	-	-	5,000,000
Contractual Maturity Mismatch	5,609,877	(2,474,504)	(8,016,577)	906,233	3,202,223	-	-
Cumulative Contractual Maturity Mismatch	5,609,877	3,135,373	(4,881,204)	(3,974,971)	(772,748)	(772,748)	-

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 2021	31 December 2020
	<u>RMB million</u>	<u>RMB million</u>
Capital adequacy ratio	12.58%	13.29%
Shareholders' equity	377,193	364,131

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 2021	31 December 2020
	<u>RMB million</u>	<u>RMB million</u>
Total assets	4,723,520	4,468,514
Total liabilities	4,346,327	4,104,383
Total loans and advances	2,874,893	2,666,297
Total customer deposits	2,866,678	2,673,118

	Half-year ended	Half-year ended
	30 June 2021	30 June 2020
	<u>RMB million</u>	<u>RMB million</u>
Pre-tax profit	22,341	17,587

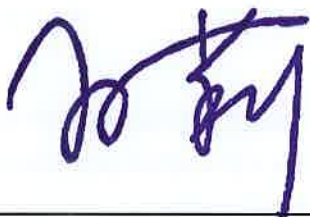
1 CNY = 1.0954 HKD at 30 June 2020

1 CNY = 1.1909 HKD at 31 December 2020

1 CNY = 1.2007 HKD at 30 June 2021

Compliance Statement

The Ping An Bank Co., Ltd., Hong Kong Branch's 2021 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

27th September 2021