

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

**Interim Financial Disclosure Statement 2024
(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 2024

	1 January 2024 to 30 June 2024	1 January 2023 to 30 June 2023
	<u>HK\$'000</u>	<u>HK\$'000</u>
Interest income	1,893,698	1,297,765
Interest expense	(1,745,246)	(1,195,449)
Net interest income	148,452	102,316
Gains less losses from dealing in foreign currencies	49,776	22,715
Gains less losses from other trading activities	85,955	65,606
Gains less losses on securities held for trading	(159)	-
Income from non-trading investments	(4,948)	(9,067)
Net fee and commission income	153,308	95,577
- <i>Fee and commission income</i>	158,096	98,242
- <i>Fee and commission expenses</i>	(4,788)	(2,665)
Other operating income	54,696	59,717
Operating income	487,080	336,864
Staff expenses	(120,969)	(148,411)
Rental expenses	(24,367)	(23,669)
Other operating expenses	(25,694)	(14,956)
Operating expenses	(171,030)	(187,036)
Operating profit before impairment	316,050	149,828
Net credit/(charge) for impairment allowances	(334,560)	32,277
Profit before taxation	(18,510)	182,105
Taxation	(47,450)	(22,434)
Profit for the period	(65,960)	159,671

Balance Sheet

As at 30 June 2024

	30 June 2024	31 December 2023
	<u>HK\$'000</u>	<u>HK\$'000</u>
Assets		
Cash and balances with banks	6,059,256	9,210,651
Due from exchange fund	122,181	93,354
Placements with banks maturing in 1 to 12 months	3,978,634	2,150,135
Amount due from head office	54,696	55,951
Certificates of deposit held	6,740,560	2,555,298
Investment securities	11,041,176	11,996,319
Securities held for trading	-	130,290
Derivative assets	347,993	232,555
Loan and receivables		
- Loan and advances to customers	53,665,700	36,277,667
- Accrued interest and other accounts	246,538	147,957
- Expected credit loss provision (Stage 1)	(797,804)	(501,392)
Right-of-use assets	77,722	97,741
Fixed assets	21,718	27,354
Other assets	34,444	38,900
Total Assets	81,592,814	62,512,780
Reserves and Liabilities		
Deposits and balances from banks	11,356,580	9,639,598
Deposits from customers		
- Demand deposits and current accounts	65,826	40,210
- Saving deposits	1,725,253	779,984
- Time, call and notice deposits	56,133,284	40,006,893
Amount due to head office	10,149,427	8,199,302
Certificates of deposit issued	1,547,705	3,246,451
Derivative liabilities	90,676	42,342
Right of use liabilities	82,570	102,609
Other liabilities	253,368	235,176
Total Liabilities	81,404,689	62,292,565
Reserves		
Other reserves	254,085	(188,523)
Profit for the period	(65,960)	408,738
Total Reserves and Liabilities	81,592,814	62,512,780

Supplementary Information

For the half-year ended 30 June 2024

1) Impaired loans and advances to customers and banks

As at 30 June 2024 and 31 December 2023, 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 2024		31 December 2023	
	<u>HK\$'000</u>	<u>% covered by collateral</u>	<u>HK\$'000</u>	<u>% covered by collateral</u>
Industrial, commercial and financial				
Manufacturing	1,981,850	20.51%	548,305	7.71%
Property development	4,445,025	-	4,089,787	-
Property investment	2,116,064	-	500,000	-
Civil engineering works	2,058,551	-	3,080,000	-
Electricity and gas	2,114,050	-	2,065,892	-
Wholesale and retail trade	675,528	-	168,678	-
Transport and Transport Equipment	4,839,625	-	4,540,016	-
Information technology	142,500	-	487,809	-
Financial concerns	6,525,925	-	4,127,070	-
Stockbrokers	1,585,695	-	1,507,056	-
Others	15,388,650	3.08%	4,092,747	10.11%
Loans for use in Hong Kong	41,873,463	2.10%	25,207,360	1.81%
Loan for use outside Hong Kong	11,792,237	14.52%	11,070,307	11.93%
	<u>53,665,700</u>	<u>4.83%</u>	<u>36,277,667</u>	<u>4.90%</u>

(b) Breakdown by geographical segments

	30 June 2024	31 December 2023
	<u>HK\$'000</u>	<u>HK\$'000</u>
Hong Kong	39,133,297	25,119,338
Mainland China	6,668,200	6,108,977
Other	7,864,203	5,049,352
	<u>53,665,700</u>	<u>36,277,667</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 2024

3) Overdue and rescheduled advances, repossessed assets

As at 30 June 2024 and 31 December 2023, the Branch has no overdue or rescheduled loans and advances to customers, and no repossessed assets.

4) International claims

	30 June 2024				
	<u>HK\$ millions</u>				
	Banks	Official sector	Non-bank Financial institutions	Non-financial private sector	Total
Developing Asia Pacific					
of which Mainland China	17,465	-	3,999	2,792	24,256
Offshore Centres					
of which Hong Kong	349	355	12,898	21,724	35,326

	31 December 2023				
	<u>HK\$ millions</u>				
	Banks	Official sector	Non-bank Financial institutions	Non-financial private sector	Total
Developing Asia Pacific					
of which Mainland China	16,005	165	4,482	4,315	24,967
Offshore Centres					
of which Hong Kong	929	283	3,490	12,050	16,752

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 2024

5) Non-bank Mainland exposures

	30 June 2024			Individually
	<u>HK\$'000</u>			assessed
	On-balance	Off-balance		impairment
	sheet	sheet		allowances
	exposures	exposures	Total	
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	21,416,390	1,000,000	22,416,390	-
2. Local government, local government owned entities and their subsidiaries and JVs	12,242,929	-	12,242,929	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,169,668	234,239	7,403,907	-
4. Other entities of central government not reported in item 1 above	-	-	-	-
5. Other entities of central government not reported in item 2 above	164,057	-	164,057	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,757,147	23,400	4,780,547	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	825,398	-	825,398	-
Total	46,575,589	1,257,639	47,833,228	-
Total assets after provisions	81,592,814			
On-Balance Sheet exposure as % of total assets	57.08%			

Supplementary Information

For the half-year ended 30 June 2024

5) Non-bank Mainland exposures (continued)

	31 December 2023			Individually
	<u>HK\$'000</u>			assessed
	On-balance	Off-balance		impairment
	sheet	sheet		allowances
	exposures	exposures	Total	
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	12,104,569	1,390,458	13,495,027	-
2. Local government, local government owned entities and their subsidiaries and JVs	12,200,190	418,348	12,618,538	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,182,390	242,032	6,424,422	-
4. Other entities of central government not reported in item 1 above	-	-	-	-
5. Other entities of central government not reported in item 2 above	70,029	-	70,029	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,528,212	-	4,528,212	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	754,646	-	754,646	-
Total	35,840,036	2,050,838	37,890,874	-
Total assets after provisions	62,512,780			
On-Balance Sheet exposure as % of total assets	57.33%			

Supplementary Information

For the half-year ended 30 June 2024

6) Currency risk

	30 June 2024			
	<u>HK\$ millions</u>			
	<u>USD</u>	<u>CNY</u>	<u>EUR</u>	<u>Total</u>
Spot assets	38,307	23,229	2,317	63,853
Spot liabilities	(41,333)	(19,848)	(2,837)	(64,018)
Forward purchases	8,525	3,062	726	12,313
Forward sales	(4,897)	(6,370)	(134)	(11,401)
Net options position				
Net long (short) position	<u>602</u>	<u>73</u>	<u>72</u>	<u>747</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	31 December 2023			
	<u>HK\$ millions</u>			
	<u>USD</u>	<u>CNY</u>	<u>EUR</u>	<u>Total</u>
Spot assets	33,245	9,539	2,452	45,236
Spot liabilities	(32,537)	(12,979)	(4,190)	(49,706)
Forward purchases	5,925	3,816	1,924	11,665
Forward sales	(6,180)	(313)	-	(6,493)
Net options position	-	-	-	-
Net long (short) position	<u>453</u>	<u>63</u>	<u>186</u>	<u>702</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 2024

7) Off-balance Sheet exposures

(a) Contingent liabilities and commitments

	30 June 2024	31 December 2023
	<u>HK\$'000</u>	<u>HK\$'000</u>
Direct credit substitutes	-	-
Trade-related contingencies	-	-
Other commitments	1,966,604	6,741,451
Others	-	-

(b) Derivatives

	30 June 2024	31 December 2023
	<u>HK\$'000</u>	<u>HK\$'000</u>
Contract amount		
- Exchange rate contracts	13,088,161	11,842,362
- Interest rate contracts	16,204,000	9,981,668
Fair value		
- Exchange rate contracts	89,270	60,199
- Interest rate contracts	196,724	144,131

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

Supplementary Information

For the half-year ended 30 June 2024

8) Liquidity

	1 April 2024 to 30 June 2024	1 April 2023 to 30 June 2023
Average liquidity maintenance ratio	89.42%	105.26%

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 2024

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 2024	30 June 2023
	<u>% of total liabilities</u>	<u>% of total liabilities</u>
Deposits and balances from banks	14%	19%
Deposits from customers	71%	56%
Amount due to head office	12%	15%
Certificates of deposit issued	2%	9%
Others	1%	1%
Total liabilities	<u>100%</u>	<u>100%</u>

Supplementary Information

For the half-year ended 30 June 2024

8) Liquidity (continued)

Cash Flow Maturity Mismatch Analysis

30 June 2024
(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	2,392,446	17,270,750	17,952,250	20,308,917	-	-	-
Amount payable arising from derivatives contracts	908,654	2,524,138	2,597,738	7,618,587	676,961	-	-
Deposits and balances from banks	165,787	1,821,505	18,074,403	1,444,312	-	-	-
Debt securities & prescribed instruments outstanding	-	-	641,982	922,275	-	-	-
Other liabilities	-	7,637	-	-	-	-	328,305
Capital and reserves	-	-	-	-	-	-	188,125
Total on-balance sheet liabilities	3,466,887	21,624,030	39,266,373	30,294,091	676,961	-	516,430
Total off-balance sheet obligations	-	1,966,604	-	-	-	-	-
	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	912,623	2,572,082	2,561,936	8,033,127	728,826	-	-
Due from MA for a/c of Exchange Fund	122,181	-	-	-	-	-	-
Balances and placements with banks	2,774,288	3,354,779	1,679,225	2,299,409	-	-	-
Debt securities & prescribed instruments held	17,859,867	-	-	-	-	-	-
Loans and advances to customers	622,764	15,955,803	6,692,176	11,340,343	19,301,151	-	-
Other assets	-	-	-	-	-	-	150,435
Total on-balance sheet assets	22,291,723	21,882,664	10,933,337	21,672,879	20,029,977	-	150,435
Total off-balance sheet claims	-	-	-	-	-	-	5,000,000
Contractual Maturity Mismatch	18,824,836	(1,707,970)	(28,333,036)	(8,621,212)	19,353,016	-	-
Cumulative Contractual Maturity Mismatch	18,824,836	17,116,866	(11,216,170)	(19,837,382)	(484,366)	(484,366)	-

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

Supplementary Information

For the half-year ended 30 June 2024

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.

Consolidated Financial Statements

Ping An Bank Co., Ltd.

(a) Capital adequacy ratio and shareholder's fund

	30 June 2024	31 December 2023
	<u>RMB million</u>	<u>RMB million</u>
Capital adequacy ratio	12.76%	13.43%
Shareholders' equity	481,869	472,328

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 2024	31 December 2023
	<u>RMB million</u>	<u>RMB million</u>
Total assets	5,754,033	5,587,116
Total liabilities	5,272,164	5,114,788
Total loans and advances	3,328,813	3,407,509
Total customer deposits	3,570,812	3,407,295

	1 January 2024	1 January 2023
	to 30 June 2024	to 30 June 2023
	<u>RMB million</u>	<u>RMB million</u>
Pre-tax profit	31,977	31,933

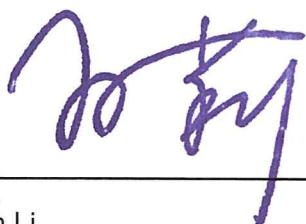
1 CNY = 1.0759 HKD at 30 June 2023

1 CNY = 1.0997 HKD at 31 December 2023

1 CNY = 1.0700 HKD at 30 June 2024

Compliance Statement

The Ping An Bank Co., Ltd., Hong Kong Branch's 2024 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 2024