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

Annual 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).

Income Statement

For the year ended 31 December 2024

	For the year ended 31 December 2024 HK$'000	For the year ended 31 December 2023 HK$'000
Interest income	3,907,410	2,797,873
Interest expense	(3,524,390)	(2,549,302)
Net interest income	**383,020**	**248,571**
Gains less losses from dealing in foreign currencies	124,517	23,105
Gains less losses from other trading activities	84,738	43,895
Gains less losses on securities held for trading	(159)	505
Income from non-trading investments	12,834	(20,550)
Net fee and commission income	236,134	166,375
- Fee and commission income	*248,096*	*170,588*
- Fee and commission expenses	*(11,962)*	*(4,213)*
Other operating income	115,080	105,017
Operating income	**956,164**	**566,918**
Staff expenses	(262,036)	(270,265)
Rental expenses	(48,782)	(48,331)
Other operating expenses	(48,160)	(37,963)
Operating expenses	**(358,978)**	**(356,559)**
Operating profit before impairment	**597,186**	**210,359**
Net charge for impairment allowances	(271,863)	231,004
Profit / (Loss) before taxation	**325,323**	**441,363**
Taxation	(186,895)	(32,625)
Profit / (Loss) for the period	**138,428**	**408,738**

Balance Sheet

31 December 2024

	31 Dec 2024 HK$'000	30 Jun 2024 HK$'000
Assets		
Cash and balances with banks	14,948,794	6,059,256
Due from exchange fund	175,452	122,181
Placements with banks maturing in 1 to 12 months	931,114	3,978,634
Amount due from head office	52,450	54,696
Certificates of deposit held	4,166,545	6,740,560
Investment securities	11,350,743	11,041,176
Derivative assets	513,968	347,993
Loan and receivables		
- Loan and advances to customers	51,477,593	53,665,700
- Accrued interest and other accounts	168,554	246,538
- Expected credit loss provision (Stage 1)	(765,674)	(797,804)
Right-of-use assets	57,932	77,722
Fixed assets	16,715	21,718
Other assets	26,238	34,444
Total Assets	**83,120,424**	**81,592,814**
Reserves and Liabilities		
Deposits and balances from banks	18,321,996	11,356,580
Deposits from customers		
- Demand deposits and current accounts	102,175	65,826
- Saving deposits	2,382,683	1,725,253
- Time, call and notice deposits	49,329,071	56,133,284
Amount due to head office	10,062,648	10,149,427
Certificates of deposit issued	1,827,860	1,547,705
Derivative liabilities	305,823	90,676
Right of use liabilities	55,286	82,570
Other liabilities	317,773	253,368
Total Liabilities	**82,705,315**	**81,404,689**
Reserves		
Other reserves	276,681	254,085
Profit for the period	138,428	(65,960)
Total Reserves and Liabilities	**83,120,424**	**81,592,814**

1) Impaired loans and advances to customers and banks

As at 31 December 2024 and 30 June 2024, 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

	31 December 2024		30 June 2024	
	HK$'000	% covered by collateral	HK$'000	% covered by collateral
Industrial, commercial and financial				
Manufacturing	13,521,280	0.02%	1,981,850	20.51%
Property development	4,530,348	-	4,445,025	-
Property investment	3,396,235	8.83%	2,116,064	-
Civil engineering works	1,415,542	-	2,058,551	-
Electricity and gas	2,459,772	-	2,114,050	-
Wholesale and retail trade	529,844	-	675,528	-
Transport and Transport Equipment	3,480,000	-	4,839,625	-
Information technology	232,573	-	142,500	-
Financial concerns	5,326,197	-	6,525,925	-
Stockbrokers	1,723,875	-	1,585,695	-
Professional and private individuals	260,070	100%	-	-
Others	4,305,892	0.77%	15,388,650	3.08%
Loans for use in Hong Kong	41,181,628	1.45%	41,873,463	2.10%
Loan for use outside Hong Kong	10,295,965	20.75%	11,792,237	14.52%
	51,477,593	5.31%	53,665,700	4.83%

(b) Breakdown by geographical segments

	31 December 2024	30 June 2024
	HK$'000	HK$'000
Hong Kong	39,662,894	39,133,297
Mainland China	4,763,459	6,668,200
Other	7,051,240	7,864,203
	51,477,593	53,665,700

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

4) International claims

31 December 2024
HK$ millions

	Banks	Official sector	Non-bank Financial institutions	Non-financial private sector	Total
Developing Asia Pacific					
of which Mainland China	17,888	16	5,732	11,722	35,358
Offshore Centres					
of which Hong Kong	3,163	355	8,388	15,139	27,045

30 June 2024
HK$ millions

	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

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.

5) Non-bank Mainland exposures

	31 December 2024 HK$'000			
	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)	17,470,832	2,164,863	19,635,695	-
2. Local government, local government owned entities and their subsidiaries and JVs	14,062,544	675,121	14,737,665	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	12,640,824	125,000	12,765,824	-
4. Other entities of central government not reported in item 1 above	-	-	-	-
5. Other entities of central government not reported in item 2 above	65,288	-	65,288	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,652,814	1,682,000	6,334,814	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	178,066	-	178,066	-
Total	49,070,368	4,646,984	53,717,352	-
Total assets after provisions	83,120,424			
On-Balance Sheet exposure as % of total assets	**59.04%**			

5) Non-bank Mainland exposures (continued)

	30 June 2024 HK$'000			
	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)	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%**			

6) Currency risk

	31 December 2024 HK$ millions				
	USD	CNY	EUR	Others	Total
Spot assets	38,551	17,282	7,356	26	63,215
Spot liabilities	(40,991)	(15,811)	(4,970)	(27)	(61,799)
Forward purchases	14,465	9,560	-	-	24,025
Forward sales	(11,270)	(11,088)	(2,271)	-	(24,629)
Net options position	-	-	-	-	-
Net long (short) position	755	(57)	115	(1)	812
Net structural position	-	-	-	-	-

	30 June 2024 HK$ millions				
	USD	CNY	EUR	Others	Total
Spot assets	38,307	23,229	2,317	20	63,873
Spot liabilities	(41,333)	(19,848)	(2,837)	(20)	(64,038)
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	602	73	72	-	747
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.

7) Off-balance Sheet exposures

(a) Contingent liabilities and commitments

	31 December 2024	30 June 2024
	HK$'000	HK$'000
Direct credit substitutes	-	-
Trade-related contingencies	-	-
Other commitments	5,786,820	1,966,604
Others	-	-

(b) Derivatives

	31 December 2024	30 June 2024
	HK$'000	HK$'000
Contract amount		
- Exchange rate contracts	23,337,361	13,088,161
- Interest rate contracts	13,437,603	16,204,000
Fair value		
- Exchange rate contracts	115,040	89,270
- Interest rate contracts	104,111	196,724

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

8) Liquidity

	For the quarter ended 31 December 2024	For the quarter ended 31 December 2023
Average liquidity maintenance ratio	77.59%	89.22%

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 is independently managed. 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.

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

	31 December 2024	31 December 2023
	% of total liabilities	% of total liabilities
Deposits and balances from banks	22%	15%
Deposits from customers	63%	66%
Amount due to head office	12%	13%
Certificates of deposit issued	2%	5%
Others	1%	1%
Total liabilities	100%	100%

8) Liquidity (continued)

Cash Flow Maturity Mismatch Analysis

As at 31 December 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	3,071,058	13,516,342	17,680,270	17,546,261	-	-	-
Amount payable arising from derivatives contracts	1,047,443	10,219,034	8,748,856	6,736,181	595,762	-	-
Deposits and balances from banks	137,368	4,825,685	16,629,043	6,792,547	-	-	-
Debt securities & prescribed instruments outstanding	-	717,455	367,234	776,480	-	-	-
Other liabilities	-	3,986	-	-	-	-	369,070
Capital and reserves	-	-	-	-	-	-	415,109
Total on-balance sheet liabilities	**4,255,869**	**29,282,502**	**43,425,403**	**31,851,469**	**595,762**	**-**	**784,179**
Total off-balance sheet obligations	**-**	**5,786,820**	**-**	**-**	**-**	**-**	**-**
	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	1,091,505	10,212,792	8,804,471	6,757,450	626,482	-	-
Due from MA for a/c of Exchange Fund	175,452	-	-	-	-	-	-
Balances and placements with banks	5,648,954	8,473,311	406,885	1,419,060	-	-	-
Debt securities & prescribed instruments held	15,579,845	-	-	-	-	-	-
Loans and advances to customers	232,836	19,272,683	3,820,043	10,750,370	17,570,217	-	-
Other assets	-	-	-	-	-	-	134,190
Total on-balance sheet assets	**22,728,592**	**37,958,786**	**13,031,399**	**18,926,880**	**18,196,699**	**-**	**134,190**
Total off-balance sheet claims	**-**	**-**	**-**	**-**	**-**	**-**	**5,000,000**
Contractual Maturity Mismatch	**18,472,723**	**2,889,464**	**(30,394,004)**	**(12,924,589)**	**17,600,937**	**-**	
Cumulative Contractual Maturity Mismatch	**18,472,723**	**21,362,187**	**(9,031,817)**	**(21,956,406)**	**(4,355,469)**	**(4,355,469)**	

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

8) Liquidity (continued)

Cash Flow Maturity Mismatch Analysis (continued)

As at 31 December 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	1,208,713	13,172,651	12,404,652	14,041,071	-	-	-
Amount payable arising from derivatives contracts	1,184,292	9,164,440	1,082,646	1,040,286	472,711	-	-
Deposits and balances from banks	552,980	3,369,532	13,328,153	588,235	-	-	-
Debt securities & prescribed instruments outstanding	-	2,161,832	-	1,099,711	-	-	-
Other liabilities	-	10,868	-	-	-	-	326,916
Capital and reserves	-	-	-	-	-	-	220,215
Total on-balance sheet liabilities	**2,945,985**	**27,879,323**	**26,815,451**	**16,769,303**	**472,711**	**-**	**547,131**
Total off-balance sheet obligations	**-**	**3,093,525**	**-**	**-**	**-**	**-**	**-**

	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	1,185,460	9,227,943	1,097,272	1,130,127	505,048	-	-
Due from MA for a/c of Exchange Fund	93,354	-	-	-	-	-	-
Balances and placements with banks	3,630,244	5,651,454	1,756,236	393,898	-	-	-
Debt securities & prescribed instruments held	14,738,413	-	-	-	-	-	-
Loans and advances to customers	104,950	10,866,898	2,275,268	12,090,073	10,713,597	374,840	-
Other assets	-	-	-	-	-	-	179,084
Total on-balance sheet assets	**19,752,421**	**25,746,295**	**5,128,776**	**13,614,098**	**11,218,645**	**374,840**	**179,084**
Total off-balance sheet claims	**-**	**-**	**-**	**-**	**-**	**-**	**5,000,000**
Contractual Maturity Mismatch	**16,806,436**	**(5,226,553)**	**(21,686,675)**	**(3,155,205)**	**10,745,934**	**374,840**	
Cumulative Contractual Maturity Mismatch	**16,806,436**	**11,579,883**	**(10,106,792)**	**(13,261,997)**	**(2,516,063)**	**(2,141,223)**	

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

Ping An Bank Co., Ltd.

(a) Capital adequacy ratio and shareholder's fund

	31 December 2024 RMB millions	30 June 2024 RMB million
Capital adequacy ratio	13.11%	12.76%
Shareholders' equity	494,842	481,869

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

	31 December 2024 RMB millions	30 June 2024 RMB million
Total assets	5,769,270	5,754,033
Total liabilities	5,274,428	5,272,164
Total loans and advances	3,374,103	3,413,474
Total customer deposits	3,533,678	3,570,812

	Year ended 31 December 2024 RMB millions	Year ended 31 December 2023 RMB millions
Pre-tax profit	54,738	57,718

1 CNY = 1.0997 HKD at 31 December 2023
1 CNY = 1.0700 HKD at 30 June 2024
1 CNY = 1.0597 HKD at 31 December 2024

Remuneration

Ping An Bank Co., Ltd., Hong Kong Branch's ("Hong Kong Branch") has adopted the remuneration policy and principles stipulated by Ping An Bank Company Limited ("Head Office"). The remuneration policy has been approved by the Head Office and is applicable to all levels of employees. The bank has fully complied with "Guideline on a Sound Remuneration System" issued by the HKMA to disclose information in relation to our remuneration and incentive mechanism. The following groups of employees have been identified as "Senior Management", including Chief Executive, Deputy Chief Executive and Assistant President, etc., who are responsible for overseeing the Branch-wide strategy or material business lines.

The fixed remuneration of the Hong Kong Branch is linked to multiple factors including market salary level, seniority, experience and competence, position value, etc. The variable remuneration of the Hong Kong Branch is based on both financial and non-financial performance, which hinged on the Branch's overall performance, and distributed to employees according to individual staff's contribution. In the event of misconduct, a reduction to, or elimination of, any variable remuneration may be reflected from the amount of remuneration.

In order to prevent excessive short-term gains generated by taking greater risks, and to encourage employees to take long-term value creation, time horizons of risk, potential business risks minimization and relevant losses into consideration, the variable remuneration of the Branch is subject to a deferral mechanism, as stipulated by Head Office. The impacts of deferral policy are vesting conditions, proportion and time line to employees depend on a number of factors, including employee's seniority, positions, risk association, etc.

For the years ended 31 December 2024 and 31 December 2023, remuneration of the Senior Management is disclosed below:

Total value of remuneration awards to eight senior management and twelve key personnel for the year of 1 January 2024 to 31 December 2024

	Non-deferred HK$'000	**Deferred HK$'000**
Fixed remuneration(1)		
● Cash-based	25,991	N/A
Variable remuneration(2)		
● Cash-based	8,132	2,897

Remuneration

Total value of remuneration awards to eight senior management and fourteen key personnel for the year of 1 January 2023 to 31 December 2023

	Non-deferred HK$'000	Deferred HK$'000
Fixed remuneration[1]		
• Cash-based	30,459	N/A
Variable remuneration[2]		
• Cash-based	10,923	4,676

Remarks:

1) Fixed remuneration included basic salary and allowance only.

2) Variable remuneration includes performance bonus and incentives only, and subject to deferment according to the policy set out by Head Office.

Total value of guaranteed bonuses, sign-on awards and severance payments for our senior management and key personnel for the year of 1 January 2024 to 31 December 2024

	Guaranteed bonuses		Sign-on awards		Severance payments	
Special payments	Number of employees	Total amount HK$'000	Number of employees	Total amount HK$'000	Number of employees	Total amount HK$'000
Senior management and key personnel	N/A	N/A	N/A	N/A	2	488

Total value of guaranteed bonuses, sign-on awards and severance payments for our senior management and key personnel for the year of 1 January 2023 to 31 December 2023

	Guaranteed bonuses		Sign-on awards		Severance payments	
Special payments	Number of employees	Total amount HK$'000	Number of employees	Total amount HK$'000	Number of employees	Total amount HK$'000
Senior management and key personnel	N/A	N/A	N/A	N/A	N/A	N/A

Compliance Statement

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

29th April, 2025