



**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**INTERIM REPORT**

**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**Ping An OneConnect Bank (Hong Kong) Limited**

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# PING AN ONECONNECT BANK (HONG KONG) LIMITED

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# **PING AN ONECONNECT BANK (HONG KONG) LIMITED**

## **Report on Review of Interim Financial Information To the Board of Directors of Ping An OneConnect Bank (Hong Kong) Limited (incorporated in Hong Kong with limited liability)**

### **Introduction**

We have reviewed the interim financial information set out on pages 2 to 16, which comprises the condensed statement of financial position of Ping An OneConnect Bank (Hong Kong) Limited (the “Bank”) as at 30 June 2022 and the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the six-month period then ended and notes, comprising significant accounting policies and other explanatory information. The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Bank is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

### **Other matter**

The comparative information for the condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2021. The comparative information for the condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2021 has not been audited or reviewed.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 16 September 2022

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)**

	Note	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
Interest income	3(a)	55,052	8,638
Interest expense	3(b)	(8,556)	(1,774)
Net interest income		46,496	6,864
Fees and commission income	4	143	118
Other income	5	1,600	–
Total income		48,239	6,982
Staff costs		(58,829)	(63,016)
Premises and equipment expenses		(2,412)	(1,840)
Other expenses		(60,175)	(57,492)
Total expenses	6	(121,416)	(122,348)
<b>Loss before impairment losses</b>		(73,177)	(115,366)
Charge for expected credit losses	7	(4,982)	(1,560)
<b>Loss before income tax</b>		(78,159)	(116,926)
Income tax expenses	8	–	–
<b>Loss after income tax</b>		(78,159)	(116,926)
<b>Other comprehensive income:</b>			
Items may be reclassified subsequently to profit or loss:			
– Changes in the fair value of debt instruments at fair value through other comprehensive income		4,323	(2)
Other comprehensive income, net of tax		4,323	(2)
<b>Total comprehensive income</b>		(73,836)	(116,928)

The notes on pages 6 to 16 form part of this interim financial information.

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**CONDENSED STATEMENT OF FINANCIAL POSITION (unaudited)**

	Note	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
<b>Assets</b>			
Balances with banks and central bank	9	222,641	829,599
Placements with and advances to banks	10	440,997	106,423
Investment securities	11	248,419	19,978
Loans and advances to customers	12	1,705,017	1,361,197
Amount due from a related company		1	1
Property, plant and equipment	13	2,693	5,126
Intangible assets	14	149,483	141,744
Right-of-use asset	15(a)	14,015	2,871
Other assets	16	26,625	17,014
<b>Total assets</b>		<u>2,809,891</u>	<u>2,483,953</u>
<b>Liabilities</b>			
Deposits from customers	17	2,087,654	1,650,270
Lease liability	15(a)	14,015	4,585
Amounts due to related companies		29,698	82,695
Other payables and accruals	18	54,101	48,755
<b>Total liabilities</b>		<u>2,185,468</u>	<u>1,786,305</u>
<b>Equity</b>			
Share capital	19	1,200,000	1,200,000
Accumulated loss		(588,065)	(509,906)
Other reserves		12,488	7,554
<b>Total equity</b>		<u>624,423</u>	<u>697,648</u>
<b>Total liabilities and equity</b>		<u>2,809,891</u>	<u>2,483,953</u>

The notes on pages 6 to 16 form part of this interim financial information.

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)**

	Note	Other reserves				Total equity HK\$'000
		Share capital HK\$'000	Accumulated loss HK\$'000	FVOCI reserve HK\$'000	Share-based compensation reserve (Note 1) HK\$'000	
At 1 January 2021		900,000	(296,165)	2	7,455	611,292
Change in equity for the period:						
Capital contributions from immediate holding company	19	300,000	-	-	-	300,000
Loss for the period		-	(116,926)	-	-	(116,926)
Other comprehensive income		-	-	(2)	-	(2)
Movement in respect of share-based compensation		-	-	-	1,215	1,215
At 30 June 2021		<u>1,200,000</u>	<u>(413,091)</u>	<u>-</u>	<u>8,670</u>	<u>795,579</u>
Change in equity for the period:						
Loss for the period		-	(96,815)	-	-	(96,815)
Other comprehensive income		-	-	(18)	-	(18)
Movement in respect of share-based compensation		-	-	-	(1,098)	(1,098)
At 31 December 2021		<u>1,200,000</u>	<u>(509,906)</u>	<u>(18)</u>	<u>7,572</u>	<u>697,648</u>
Change in equity for the period:						
Loss for the period		-	(78,159)	-	-	(78,159)
Other comprehensive income		-	-	4,323	-	4,323
Movement in respect of share-based compensation		-	-	-	611	611
At 30 June 2022		<u>1,200,000</u>	<u>(588,065)</u>	<u>4,305</u>	<u>8,183</u>	<u>624,423</u>

Note 1: The share-based compensation reserve is to record the corresponding amount of shares and share options granted by OneConnect Financial Technology Co. Ltd. ("OCFT"), the ultimate holding company of the Bank, to the Bank's employees.

The notes on pages 6 to 16 form part of this interim financial information.

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**CONDENSED STATEMENT OF CASH FLOWS (unaudited)**

	Note	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
<b>Cash flows from operating activities</b>			
<b>Loss before taxation</b>		(78,159)	(116,926)
<b>Adjustment for:</b>			
Charge for expected credit losses	7	4,982	1,560
Depreciation and amortisation		20,512	14,123
Share-based compensation		611	1,215
Interest income	3(a)	(55,052)	(8,638)
Interest expense	3(b)	8,556	1,774
<b>Cash flows before changes in operation activities</b>		(98,550)	(106,892)
Changes in loans and advances to customers		(343,538)	(450,300)
Changes in balances and placements with banks with original maturity over three months		(150,000)	–
Changes in amounts due from related companies		–	1,534
Changes in other assets		(8,552)	466
Changes in deposits from customers		437,384	20,518
Changes in amounts due to related companies		(52,997)	4,203
Changes in other payable and accruals		1,304	11,619
<b>Cash used in operating activities</b>		(214,949)	(518,852)
Interest received		53,993	8,095
Interest paid		(5,981)	(1,711)
<b>Net cash used in operating activities</b>		(166,937)	(512,468)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(300)	(768)
Addition of intangible assets		(22,643)	(21,433)
Investments in investment securities at FVOCI		(229,356)	–
Proceeds from maturity of investment securities at amortised cost		–	129,734
<b>Net cash (used in)/generated from investing activities</b>		(252,299)	107,533
<b>Cash flows from financing activities</b>			
Capital contributions		–	300,000
Principal elements of lease payments		(3,122)	(3,998)
<b>Net cash (used in)/generated from financing activities</b>		(3,122)	296,002
<b>Net decrease in cash and cash equivalents</b>		(422,358)	(108,933)
<b>Cash and cash equivalents at 1 January</b>		936,026	783,747
Effect of exchange rate and other changes on cash and cash equivalents		–	–
<b>Cash and cash equivalents at 30 June</b>	21	513,668	674,814

The notes on pages 6 to 16 form part of this interim financial information.

## **PING AN ONECONNECT BANK (HONG KONG) LIMITED**

### **NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

#### **1. General information**

The Bank is a wholly-owned subsidiary of OneConnect Financial Technology Co., Ltd. (“OCFT”) and it is an associated company of Ping An Insurance (Group) Company of China. The Bank is a licensed bank registered under the Hong Kong Banking Ordinance.

#### **2. Basis of preparation**

##### **(a) Significant accounting policies**

The unaudited interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants. Except for the initial adoption of the effective amendments to Hong Kong Financial Reporting Standards (“HKFRS”), the significant accounting policies adopted and preparation basis of the unaudited interim financial information are consistent with those described in the Bank’s annual report 2021.

The preparation of interim financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank’s accounting policies.

The significant judgement made by management in applying the Bank’s accounting policies and the key approaches of estimation are consistent with those adopted in, and shall be read in conjunction with the Bank’s annual report 2021.

“Improvement to HKFRSs” contains numerous amendment to HKFRSs which the Hong Kong Institute of Certified Public Accountants considers not urgent but necessary. It comprises amendments that result in account changes for presentation, recognition or measurement purpose as well as terminology or editorial amendments related to a variety of individual HKFRSs.

The adoption of the above amendments and improvements, do not have a significant impact to the interim financial information of the Bank.

##### **(b) Requirement in connection with publication of interim financial information**

The financial information relating to the year ended 31 December 2021 that is included in the interim financial information for the six months ended 30 June 2022 as comparative information does not constitute the Bank’s statutory annual financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As the Bank is a private company, the Bank is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Bank’s auditor has reported on the financial statements for the year ended 31 December 2021. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

##### **(c) Compliance with the Banking (Disclosure) Rules**

The interim financial information and Regulatory Disclosure Statements fulfill the disclosure requirements in accordance with the Banking (Disclosure) Rules.



**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**3. Interest income and interest expense**

	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
<b>(a) Interest income</b>		
Financial assets at amortised cost	2,079	8,632
Financial assets at fair value through other comprehensive income	<u>52,973</u>	<u>6</u>
	<u><u>55,052</u></u>	<u><u>8,638</u></u>
<b>(b) Interest expense</b>		
Financial liabilities at amortised cost	8,470	1,552
Lease liability (Note 15(b))	<u>86</u>	<u>222</u>
	<u><u>8,556</u></u>	<u><u>1,774</u></u>

**4. Fees and commission income**

	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
Agency services	43	111
Others	<u>100</u>	<u>7</u>
	<u><u>143</u></u>	<u><u>118</u></u>

**5. Other income**

	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
Government grant	<u>1,600</u>	<u>–</u>

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**6. Total expenses**

	Note	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
Staff costs			
– Salaries and other short term benefits		57,167	60,942
– Pension		1,051	859
– Share-based compensation		611	1,215
Premises and equipment expense, excluding depreciation		2,412	1,840
Legal and consultancy fee		1,996	2,515
Software licensing and other IT cost		16,159	15,216
Depreciation of property, plant and equipment		2,733	2,259
Amortisation of intangible assets		14,904	9,032
Depreciation of right-of-use assets	15(b)	2,875	2,832
Auditor's remuneration		1,043	1,205
Others		20,465	24,433
		<u>121,416</u>	<u>122,348</u>

**7. Charge for expected credit losses**

	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
Placements with and advances to banks	26	–
Investment securities	18	(7)
Loans and advances to customers	4,938	1,567
	<u>4,982</u>	<u>1,560</u>

**8. Income tax expenses**

	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
Current tax	–	–
Deferred tax	–	–
	<u>–</u>	<u>–</u>
Total tax expenses	<u>–</u>	<u>–</u>

The applicable Hong Kong profits tax rate is 16.5% (2021: 16.5%). No provision for Hong Kong profits tax has been made (first half of 2021: Nil) as the Bank had no estimated assessable profits for the periods.

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**NOTES TO THE INTERIM FINANCIAL INFORMATION** (unaudited)

**9. Balances with banks and central bank**

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Balances with central bank	160,928	699,365
Balances with banks	61,713	130,234
Less: Expected credit loss provision	–	–
	<u>222,641</u>	<u>829,599</u>

**10. Placements with and advances to banks**

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Placements with and advances to banks		
– Maturity within one month	211,027	106,427
– Maturity between one month and one year	230,000	–
Less: Expected credit loss provision (Stage 1)	(30)	(4)
	<u>440,997</u>	<u>106,423</u>

There were no overdue, impaired or rescheduled placements with and advances to banks for the periods.

**11. Investment securities**

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
At fair value through OCI:		
Exchange fund bills	19,998	19,978
Debt securities	228,421	–
	<u>248,419</u>	<u>19,978</u>

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**NOTES TO THE INTERIM FINANCIAL INFORMATION** (unaudited)

**12. Loans and advances to customers**

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
At fair value through OCI (Note a)	1,698,109	1,344,736
At amortised cost	6,927	16,546
Less: Expected credit loss provision (Stage 1 & Stage 2)	(19)	(85)
	<u>6,908</u>	<u>16,461</u>
	<u>1,705,017</u>	<u>1,361,197</u>

Note a: The fair value includes expected credit loss provision for Stage 1 and 2 of HK\$7,744,000 (2021: HK\$3,815,000) and Stage 3 of HK\$1,076,000 (2021: HK\$189,000).

**13. Property, plant and equipment**

	Equipment HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
At 1 January 2022			
Opening net book amount	3,302	1,824	5,126
Additions	218	82	300
Depreciation charge	(827)	(1,906)	(2,733)
	<u>2,693</u>	<u>-</u>	<u>2,693</u>
At 30 June 2022			
Cost	6,130	9,905	16,035
Accumulated depreciation	(3,437)	(9,905)	(13,342)
	<u>2,693</u>	<u>-</u>	<u>2,693</u>
At 1 January 2021			
Opening net book amount	3,225	4,562	7,787
Additions	1,517	1,570	3,087
Depreciation charge	(1,440)	(4,308)	(5,748)
	<u>3,302</u>	<u>1,824</u>	<u>5,126</u>
At 31 December 2021			
Cost	5,912	9,823	15,735
Accumulated depreciation	(2,610)	(7,999)	(10,609)
	<u>3,302</u>	<u>1,824</u>	<u>5,126</u>

PING AN ONECONNECT BANK (HONG KONG) LIMITED

NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)

14. Intangible assets

	Acquired Software HK\$'000	Internally developed software HK\$'000	Total HK\$'000
At 1 January 2022			
Opening net book amount	14,102	127,642	141,744
Additions	4,668	17,975	22,643
Amortisation charge	(3,567)	(11,337)	(14,904)
Closing net book amount	<u>15,203</u>	<u>134,280</u>	<u>149,483</u>
At 30 June 2022			
Cost	28,779	170,903	199,682
Accumulated amortisation	(13,576)	(36,623)	(50,199)
Net book amount	<u>15,203</u>	<u>134,280</u>	<u>149,483</u>
At 1 January 2021			
Opening net book amount	9,470	112,477	121,947
Additions	10,421	31,712	42,133
Amortisation charge	(5,789)	(16,547)	(22,336)
Closing net book amount	<u>14,102</u>	<u>127,642</u>	<u>141,744</u>
At 31 December 2021			
Cost	24,110	152,929	177,039
Accumulated amortisation	(10,008)	(25,287)	(35,295)
Net book amount	<u>14,102</u>	<u>127,642</u>	<u>141,744</u>

15. Leases

(a) Amount recognised in the statement of financial position

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Right-of-use assets	<u>14,015</u>	<u>2,871</u>
Lease liability		
– Current	4,450	4,585
– Non current	9,565	–
	<u>14,015</u>	<u>4,585</u>

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**15. Leases (continued)**

**(b) Amount recognised in the statement of comprehensive income**

	Six months ended 30 June 2022 HK\$'000	Six months ended 30 June 2021 HK\$'000
Depreciation charge of right-of-use assets (Note 6)	2,875	2,832
Interest expense (Note 3(b))	86	222

**16. Other assets**

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Prepaid expenses	9,325	8,744
Rental and other deposits	5,836	5,140
Prepaid interest	7,275	–
Accrued interests	4,189	3,130
	<u>26,625</u>	<u>17,014</u>

**17. Deposits from customers**

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Savings deposits	494,200	1,650,270
Fixed deposits	1,593,454	–
	<u>2,087,654</u>	<u>1,650,270</u>

**18. Other payables and accruals**

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Accruals for employee benefits	12,225	18,837
Accrued interests for customer deposits	3,603	1,114
Other accruals	38,273	28,804
	<u>54,101</u>	<u>48,755</u>

## PING AN ONECONNECT BANK (HONG KONG) LIMITED

### NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)

#### 19. Issued share capital

	No. of shares	HK\$'000
Ordinary shares, issued and fully paid:		
At 1 January 2021	1	900,000
Capital contributions from immediate holding company	–	300,000
	<hr/>	<hr/>
At 31 December 2021	1	1,200,000
Capital contributions from immediate holding company	–	–
	<hr/>	<hr/>
At 30 June 2022	1	1,200,000
	<hr/> <hr/>	<hr/> <hr/>

#### 20. Fair value of financial instrument

##### (a) Financial instruments carried at fair value

All assets and liabilities for which fair value is measured or disclosed in the financial information are categorised within the fair value hierarchy as defined in HKFRS 13, “Fair value measurement”. The following table and paragraph give information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (significant unobservable inputs).

To determine the fair value of loans and advances to customers, loans are segregated into portfolios of similar characteristics. Fair values are estimated using discounted cash flow methodology incorporating a range of input assumptions including expected customer prepayment rates, new business interest rates estimates for similar loans. The fair value of loans reflects expected credit losses at the balance sheet date and the fair value effect of repricing between origination and the reporting date. For credit impaired loans, fair value is estimated by discounting the future cash flows over the time period they are expected to be recovered.

Favourable and unfavourable changes are determined on the basis of changes in the value of instruments as a result of varying the levels of the unobservable parameters. The favourable and unfavourable changes of Level 3 fair values is not significant.

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**NOTES TO THE INTERIM FINANCIAL INFORMATION** (unaudited)

**20. Fair value of financial instrument (continued)**

**(a) Financial instruments carried at fair value (continued)**

Changes in level 3 instruments measured at FVOCI.

	As at 30 June 2022 HK\$ '000	As at 31 December 2021 HK\$ '000
At beginning of the period	1,344,736	–
Gains or losses recognised in profit or loss	(4,817)	(3,235)
Gains or losses recognised in OCI	5,220	–
Additions	701,617	1,347,971
Repayments	(348,647)	–
At end of the period	<u>1,698,109</u>	<u>1,344,736</u>

At 30 June 2022

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets measured at FVOCI				
– Loans and advances to customers	–	–	1,698,109	1,698,109
– Investment securities	248,419	–	–	248,419
	<u>248,419</u>	<u>–</u>	<u>1,698,109</u>	<u>1,946,528</u>

At 31 December 2021

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets measured at FVOCI				
– Loans and advances to customers	–	–	1,344,736	1,344,736
– Investment securities	19,978	–	–	19,978
	<u>19,978</u>	<u>–</u>	<u>1,344,736</u>	<u>1,364,714</u>

**Valuation inputs and relationships to fair value**

The significant unobservable inputs used in level 3 fair value measurements for loans and advances to customers measured at fair value through other comprehensive income are discount rate and prepayment rate, and the range of inputs as at 30 June 2022 are 6.26% - 8.59% and 0.32% - 0.36% (as at 31 December 2021: 5.22% - 10.05% and 0.35% - 0.39%).



## PING AN ONECONNECT BANK (HONG KONG) LIMITED

### NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)

#### 20. Fair value of financial instrument (continued)

##### (a) Financial instruments carried at fair value (continued)

###### Valuation inputs and relationships to fair value (continued)

If the discount rate increase or decrease by 5%, with all other variables held constant, the assets and other comprehensive income would decrease by HK\$ 6.7million or increase by HK\$ 6.7million as at 30 June 2022 (31 December 2021: decrease or increase by HK\$5.6million). If the prepayment ratio increase or decrease by 5%, with all other variables held constant, the assets and other comprehensive income would decrease or increase by HK\$ 0.3million as at 30 June 2022 (31 December 2021: decrease or increase by HK\$0.2million).

##### (b) Financial instruments carried at amortised cost

All financial instruments carried at amortised cost are stated at amounts not materially different from their fair value as at 30 June 2022 and 31 December 2021.

#### 21. Notes to the condensed statement of cash flows

For the purposes of the condensed statement of cash flow, cash and cash equivalents comprise the following balances with original maturity of three months or less from the date of acquisition.

	As at 30 June 2022 HK\$'000	As at 30 June 2021 HK\$'000
Balances with banks and central bank	222,641	279,716
Placements with and advances to banks repayable with original maturity within three months	291,027	395,098
	<u>513,668</u>	<u>674,814</u>

#### 22. Material related-party transactions

The Bank had the following material outstanding balances with related parties:

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Amount due from a fellow subsidiary (Note a)	1	1
Amounts due to fellow subsidiaries (Note a)	16,392	73,672
Amounts due to affiliated companies (Note a)	13,306	9,023

Note a: The outstanding balances are unsecured, non-interest bearing and expected to be settled within one year.

**PING AN ONECONNECT BANK (HONG KONG) LIMITED**

**NOTES TO THE INTERIM FINANCIAL INFORMATION** (unaudited)

**22. Material related-party transactions (continued)**

There were no changes in nature in the related party transactions described in 2021 financial statements that have had a material impact on the financial position or performance of the Bank in the six months ended 30 June 2022.

**23. Events occurring after the reporting period**

USD 38,216,560 (equivalent to HK\$300,000,000) cash was injected by OCFT to the share capital of the Bank in July 2022 without allotting additional shares to the shareholder.

The interim financial information were approved by the Board of Directors on 16 September 2022.