

[Immediate Release]

Ping An OneConnect Bank Announces FY2022 Annual Results Net Operating Income Soars More Than 1.8 Times to HK\$97 Million Committed to Developing Loan Products to Help SMEs Seize Post-pandemic Opportunities

- *Core profitability continued to improve, with net operating income growing by 185% to HK\$97 million and net interest margin widening to 3.56%*
- *Steady growth in customer base, with customer deposits increasing by 30% to HK\$2.15 billion while customer loans and advances increased by 31% to HK\$1.79 billion, resulting in a healthy loan-to-deposit ratio of 83%*
- *Adopted prudent risk management strategies and maintained healthy asset quality with a non-performing loan ratio of 0.9%*
- *Proactively developed different scenarios to help SMEs easily meet different funding needs; nearly 30% of PAOB SME customers obtained bank loans for the first time¹*

28 April 2023, Hong Kong – Ping An OneConnect Bank (Hong Kong) Limited (“Ping An OneConnect Bank” or “PAOB”) announced its annual results for the year ended 31 December 2022. Despite the challenging operating environment for many businesses last year due to the impact of repeated pandemic outbreaks, heightened geopolitical tensions and rising global inflation, PAOB, the first dedicated virtual bank for SMEs in Hong Kong, remained committed to working with SMEs to provide them with flexible and convenient banking services and to meet their financing needs for business development. In 2022, PAOB performed well in all key operating indicators, including more than 1.8 times increase in net operating income.

PAOB's net operating income increased by 185% year-on-year to HK\$97 million and net interest margin widened to 3.56%, benefiting from satisfactory growth in SME businesses and enhanced efficiency in funding utilisation. With the improved operating efficiency, 2022 full year loss narrowed by 27% to HK\$157 million. As at 31 December 2022, the loan-to-deposit ratio remained healthy at 83%, with customer loans and advances up 31% to HK\$1.79 billion and customer deposits rising 30% to HK\$2.15 billion.

PAOB is the first virtual bank to participate in the “Commercial Data Interchange”, the next-generation financial data infrastructure led by Hong Kong Monetary Authority. PAOB uses data such as import and export declarations from customers and its technological advantages to conduct credit assessment, breaking the previous limitation of using lagging data such as company financial statements to approve loans. The use of alternative data

¹ As at 31 December 2022, based on the approved loan cases in PAOB.

comprehensively reflects the actual business and financial situation of SMEs in a timely manner, while also enhancing the accuracy and speed of loan approvals. The selected SME customers from PAOB do not need to submit any documents during the loan assessment process² and enjoy “5-Day Service Pledge”³, offering greater flexibility in meeting funding needs. Up to 31 December 2022, amongst approved loan cases in PAOB, 29% of PAOB's approved customers obtained their first bank loan and 7% were start-ups operating for less than three years, reflecting PAOB's proactive approach to meeting the financing needs of SMEs and promoting financial inclusion. Besides, PAOB's risk assessment platform and the alternative data further help PAOB conduct risk assessments efficiently and establish a robust risk management system, which reduce default risk and strengthen anti-money laundering controls. The non-performing loan ratio of only 0.9% demonstrates the good asset quality of the Bank.

PAOB understands that SMEs in different industries have different financing needs. During the year, PAOB has expanded its services from trade and retail-related sectors to include engineering and construction SMEs. For example, the “Business Short-term Loan” was launched at the end of last year to help SMEs in the engineering and construction sector to capture opportunities arising from various infrastructure and housing developments in Hong Kong.

Mr. Michael Fei, Chief Executive and Executive Director of PAOB, said, “As the first virtual bank to provide banking services to SMEs in Hong Kong, PAOB understands the importance of banking services and funding needs of SMEs. With over two years of experience in leveraging fintech to speed up loan approval processes and enhance its accuracy, we have given SMEs greater flexibility in deploying funds to meet their changing needs as their businesses grow. Apart from leveraging fintech to achieve financial inclusion, we are also actively exploring more scenarios and banking services. This year, we plan to launch loan products tailor made for local retail and catering SMEs, further expanding the virtual banking ecosystem.”

PAOB's contribution and outstanding performance in financial technology has been recognised by the industry with a number of rankings and accolades. In addition to being the only virtual bank in Hong Kong to receive the "Best Credit Risk Technology Implementation" award at The Asian Banker Hong Kong Awards 2022. PAOB was also ranked 45th at the "Global Top 100 Digital Bank Ranking 2022" released by TABInsights,

² For selected customers only. During loan approval, only HKID for identity verification and application form are required, while required documents need to be signed before loan drawdown.

³ Within 5 business days upon submission of loan application. It is also subject to the completion of documents to be provided and signed. For more details, please refer to “5-Day Service Pledge” Terms and Conditions.



the research arm of The Asian Banker, making it the highest ranking virtual bank in Hong Kong. PAOB was also awarded "Hong Kong's Best Bank for SMEs" by Asiamoney Best Bank Awards in 2022 and was included in the "SME Banking in HKSAR – Highly Regarded Tier" in Euromoney Market Leaders 2022. These accolades are the testament to the excellence of PAOB's innovative financial technology for SME banking services.

As the Hong Kong economy gradually recovers, SMEs in various sectors such as retail, food and beverage, import and export trade, are anticipating a strong rebound. PAOB will continue to facilitate the development of virtual banking ecosystem by exploring cooperation opportunities with business partners and introducing more SME banking services. This will enable customers to enjoy a seamless banking experience and further strengthen PAOB's market-leading position in serving SMEs.

For the full report of PAOB's 2022 financial statement, please visit: www.paob.com.hk

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Media Enquiries:

Cecilia Shum

cecilia.yk.shum@pingan.com

+ 852 3951 4810

Madison Wai

Hill+Knowlton Strategies

madison.wai@hkstrategies.com

+ 852 9306 1632

About Ping An OneConnect Bank (Hong Kong) Limited

Ping An OneConnect Bank (Hong Kong) Limited ("PAOB"), a wholly-owned subsidiary of OneConnect Financial Technology Co., Ltd. ("OneConnect") (HKEx:6638; NYSE:OCFT) and a member of Ping An Insurance (Group) Company of China Ltd. ("Ping An") (HKEx:2318; SSE:601318), is committed to establishing a virtual banking ecosystem by optimising customer-centric services through its innovation and sophisticated technology. PAOB was granted a virtual banking licence by the Hong Kong Monetary Authority in May 2019. PAOB is developing diverse business segments including retail banking and SME banking.