

**China Everbright Bank Co., Ltd.  
Hong Kong Branch**

**Annual Financial Information Disclosure Statement 2020**

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## Contents

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Profit and loss information	2
Balance sheet information	3
Additional information	4
Consolidated financial information - China Everbright Bank Co., Ltd.	12
Other disclosures	13

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## Profit and loss information

China Everbright Bank Hong Kong Branch

For the year ended 31 December 2020

In compliance with the disclosure standards set out in the “Banking (Disclosure) Rules” issued by Hong Kong Monetary Authority (“HKMA”), the following key financial information (unaudited) has been provided. The information is also available at the Branch or the Branch’s website “<http://www.hkg.cebbank.com>” and the Public Registry of HKMA.

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b><u>HK\$'000</u></b>	<b><u>HK\$'000</u></b>
Interest income	4,464,499	5,236,960
Interest expense	<u>(2,575,049)</u>	<u>(4,038,279)</u>
<b>Net interest income</b>	<b><u>1,889,450</u></b>	<b><u>1,198,681</u></b>
Gains less losses arising from dealing in foreign currencies	10,501	296,918
Gains less losses from other trading activities	24,207	(132,658)
Gains less losses on securities held for trading purposes	5,785	42,866
Gains less losses from non-trading investment	6,349	95,575
Net fee and commission income		
- Fee and commission income	205,653	166,677
- Fee and commission expenses	<u>(22,153)</u>	<u>(17,999)</u>
Others	<u>-</u>	<u>78</u>
<b>Other operating income</b>	<b><u>230,342</u></b>	<b><u>451,457</u></b>
<b>Operating income</b>	<b><u>2,119,792</u></b>	<b><u>1,650,138</u></b>
Staff expenses	(266,379)	(227,364)
Rental expenses	(62,768)	(40,627)
Other operating expenses	<u>(85,382)</u>	<u>(70,648)</u>
<b>Operating expenses</b>	<b><u>(414,529)</u></b>	<b><u>(338,639)</u></b>
<b>Operating profit before impairment</b>	<b><u>1,705,263</u></b>	<b><u>1,311,499</u></b>
Net (charge) / release for impairment allowances	(61,548)	70,894
Gains less losses from the disposal of fixed assets	<u>9</u>	<u>-</u>
<b>Profit before taxation</b>	<b><u>1,643,724</u></b>	<b><u>1,382,393</u></b>
Taxation	<u>(277,581)</u>	<u>(227,398)</u>
<b>Profit after taxation</b>	<b><u>1,366,143</u></b>	<b><u>1,154,995</u></b>

## Balance sheet information

China Everbright Bank Hong Kong Branch

As at 31 December 2020

	<b>31 December 2020</b> <b>HK\$'000</b>	<b>30 June 2020</b> <b>HK\$'000</b>
<b>Assets</b>		
Cash and balances with banks	32,574,309	23,066,092
Placements with banks maturing between one and twelve months	12,241,337	17,746,875
Amount due from overseas offices	25,405,896	15,574,918
Trade bills	771,991	77,191
Certificates of deposit held	13,953,390	13,421,797
Investment securities	49,328,680	40,917,440
Securities held for trading purposes	79,033	576,546
Other investments	-	1,510,449
Advances and other accounts		
- Loans and advances to customers	70,039,919	67,769,295
- Accrued interest and other accounts	2,520,505	1,587,502
- Collectively assessed impairment allowances	(228,996)	(208,001)
- Individually assessed impairment allowances	(9,898)	(9,104)
Fixed assets	355,231	344,328
Deferred tax assets	42,006	44,373
<b>Total assets</b>	<b>207,073,403</b>	<b>182,419,701</b>
<b>Reserves and Liabilities</b>		
Deposits and balances from banks	60,054,419	58,458,688
Deposits from customers		
- Demand deposits and current accounts	1,107,604	1,368,316
- Savings deposits	5,799,444	9,235,445
- Time, call and notice deposits	70,321,762	59,213,970
Amount due to overseas offices	14,876,368	14,218,991
Certificates of deposit issued	26,263,134	19,215,595
Issued debt securities	20,687,694	15,010,297
Other accounts and provisions		
- Accrued interest and other provisions	3,245,827	1,970,297
<b>Total liabilities</b>	<b>202,356,252</b>	<b>178,691,599</b>
Reserves		
- Retained earnings and other reserves	3,351,008	3,089,689
- Profit for the year	1,366,143	638,413
<b>Total reserves and liabilities</b>	<b>207,073,403</b>	<b>182,419,701</b>

## Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2020

### i Impaired loans and advances to customers

	<b>31 December 2020</b>	<b>30 June 2020</b>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Gross impaired loans and advances to customers	9,898	9,104
As a % to total loans and advances to customers	0.01%	0.01%
Individually assessed impairment allowances	9,898	9,104
Market value of collateral	-	-

Impaired loans and advances to customers are individually determined to be impaired. The Head Office did not provide any impairment allowances which were allocated for the exposures maintained at the Branch.

Analysis of impaired loans and advances to customers by geographical segments:

Hong Kong	9,898	9,104
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### ii Loans and advances to customers

#### (a) Breakdown by industry sectors

	<b>31 December 2020</b>		<b>30 June 2020</b>	
	<u>HK\$'000</u>	<u>% covered by collateral</u>	<u>HK\$'000</u>	<u>% covered by collateral</u>
Loans for use in Hong Kong				
- Property development	9,473,011	35	11,191,339	39
- Property investment	4,709,855	48	5,129,257	45
- Financial concerns	25,544,114	8	22,950,544	10
- Wholesale and retail trade	1,822,274	35	1,922,240	53
- Manufacturing	842,881	33	875,902	25
- Electricity and gas	232,554	-	775,025	-
- Hotels, boarding houses & catering	150,000	-	179,000	-
- Recreational activities	110,775	100	111,100	100
- Transport and transport equipment	1,722,770	-	1,221,439	-
- Professional & private individuals	374,898	100	278,887	100
- Others	2,574,969	7	2,520,053	8
Trade finance	860,398	17	463,679	9
Loans for use outside Hong Kong	21,621,420	10	20,150,830	5
	<u><b>70,039,919</b></u>	<u><b>16</b></u>	<u><b>67,769,295</b></u>	<u><b>17</b></u>

## Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2020

### ii Loans and advances to customers (continued)

#### (b) Breakdown by geographical segments

	31 December 2020 <u>HK\$'000</u>	30 June 2020 <u>HK\$'000</u>
Hong Kong	56,626,308	55,821,737
Mainland China	10,260,848	8,083,550
Others	3,152,763	3,864,008
	<u>70,039,919</u>	<u>67,769,295</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 which is different from that of the counterparty.

### iii Overdue, rescheduled and repossessed assets

#### (a) Overdue loans and advances to customers

	31 December 2020 <u>HK\$'000</u>	30 June 2020 <u>HK\$'000</u>
Overdue loans and advances to customers		
- more than 1 year	9,898	9,104
As a % to total loans and advances to customers	0.01%	0.01%
Impairment allowances made	9,898	9,104
Market value of collateral	-	-
Covered portion of overdue loans and advances to customers	-	-
Uncovered portion of overdue loans and advances to customers	9,898	9,104

Analysis of gross overdue loans and advances to customers by geographical segments:

Hong Kong	9,898	9,104
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#### (b) Overdue debt securities

	31 December 2020 <u>HK\$'000</u>	30 June 2020 <u>HK\$'000</u>
Overdue debt securities		
- more than 3 months but not more than 6 months	10,234	-

Analysis of gross overdue debt securities by geographical segments:

Hong Kong	10,234	-
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## Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2020

### iii Overdue, rescheduled and repossessed assets (continued)

#### (c) Rescheduled and repossessed assets

As at 31 December 2020 and 30 June 2020, the Branch has no rescheduled advances, and no repossessed assets.

### iv International claims

	31 December 2020				
	<u>Banks</u> <u>HK\$'000</u>	<u>Official</u> <u>sector</u> <u>HK\$'000</u>	<u>Non-bank</u> <u>financial</u> <u>institutions</u> <u>HK\$'000</u>	<u>Non-</u> <u>financial</u> <u>private</u> <u>sector</u> <u>HK\$'000</u>	<u>Total</u> <u>HK\$'000</u>
Developing Asia and Pacific					
of which Mainland China	79,137,909	2,544,057	9,975,122	23,776,154	115,433,242
Offshore centres					
of which Hong Kong	5,321,527	-	11,554,232	18,106,128	34,981,887
	30 June 2020				
	<u>Banks</u> <u>HK\$'000</u>	<u>Official</u> <u>sector</u> <u>HK\$'000</u>	<u>Non-bank</u> <u>financial</u> <u>institutions</u> <u>HK\$'000</u>	<u>Non-</u> <u>financial</u> <u>private</u> <u>sector</u> <u>HK\$'000</u>	<u>Total</u> <u>HK\$'000</u>
Developing Asia and Pacific					
of which Mainland China	68,524,628	109,775	6,444,510	20,584,093	95,663,006
Offshore centres					
of which Hong Kong	7,255,254	-	10,665,412	18,462,882	36,383,548

International claims by types of counterparties after risk transfer, amounting to 10% or more of the total aggregate international claims, are disclosed. For a claim guaranteed by a party situated in a country different from the counterparty, the risk will be transferred to the country of the guarantor. For a claim on an overseas branch of a bank whose head office is located in another country, the risk will be transferred to the country where its head office is located.

## Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2020

### v Non-bank Mainland exposures

	31 December 2020			
	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total HK\$'000	Individually assessed impairment allowances HK\$'000
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	28,398,607	1,064,408	29,463,015	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	13,379,351	410,747	13,790,098	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	23,001,319	814,963	23,816,282	9,898
4. Other entities of central government not reported in item 1 above	6,558,580	851,785	7,410,365	-
5. Other entities of local governments not reported in item 2 above	1,599,997	-	1,599,997	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,481,300	68,216	3,549,516	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,234,182	171,146	3,405,328	-
<b>Total</b>	<b>79,653,336</b>	<b>3,381,265</b>	<b>83,034,601</b>	<b>9,898</b>
<b>Total assets after provisions</b>	<b>207,073,403</b>			
<b>On-balance sheet exposures as percentage of total assets</b>	<b>38.47%</b>			



## Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2020

### v Non-bank Mainland exposures (continued)

	30 June 2020			
	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total HK\$'000	Individually assessed impairment allowances HK\$'000
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	26,944,349	732,345	27,676,694	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	12,449,677	166,542	12,616,219	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	20,766,256	3,020,760	23,787,016	9,104
4. Other entities of central government not reported in item 1 above	9,078,376	773,054	9,851,430	-
5. Other entities of local governments not reported in item 2 above	2,465,033	192,029	2,657,062	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,883,803	68,202	4,952,005	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,868,733	162,911	2,031,644	-
<b>Total</b>	<b><u>78,456,227</u></b>	<b><u>5,115,843</u></b>	<b><u>83,572,070</u></b>	<b><u>9,104</u></b>
<b>Total assets after provisions</b>	<b>182,419,701</b>			
<b>On-balance sheet exposures as percentage of total assets</b>	<b>43.01%</b>			

## Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2020

### vi Currency risk

31 December 2020

	USD <u>HK\$'000</u>	CNY <u>HK\$'000</u>	EUR <u>HK\$'000</u>	GBP <u>HK\$'000</u>	Total <u>HK\$'000</u>
Spot assets	110,767,614	30,891,690	16,730,339	24,490	158,414,133
Spot liabilities	(137,325,479)	(20,191,309)	(3,440,922)	(274,406)	(161,232,116)
Forward purchases	63,895,968	29,275,309	3,891,973	544,972	97,608,222
Forward sales	(36,501,180)	(39,961,272)	(17,127,832)	(280,423)	(93,870,707)
Net options position	(15,864)	184	15,680	-	-
Net long (short) position	<u>821,059</u>	<u>14,602</u>	<u>69,238</u>	<u>14,633</u>	<u>919,532</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 June 2020

	USD <u>HK\$'000</u>	CNY <u>HK\$'000</u>	EUR <u>HK\$'000</u>	GBP <u>HK\$'000</u>	Total <u>HK\$'000</u>
Spot assets	103,149,336	22,140,321	10,196,293	536,498	136,022,448
Spot liabilities	(112,480,478)	(15,592,681)	(8,007,189)	(517,497)	(136,597,845)
Forward purchases	68,408,521	40,214,231	3,722,911	-	112,345,663
Forward sales	(58,288,076)	(46,628,229)	(5,866,254)	(7,143)	(110,789,702)
Net options position	64	(64)	-	-	-
Net long (short) position	<u>789,367</u>	<u>133,578</u>	<u>45,761</u>	<u>11,858</u>	<u>980,564</u>
Net structural position	<u>-</u>	<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. As at 31 December 2020 and 30 June 2020, there was no structural position.

## Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2020

### vii Off-balance sheet exposures

#### (a) Contingent liabilities and commitments

	<b>31 December 2020</b> <b><u>HK\$'000</u></b>	<b>30 June 2020</b> <b><u>HK\$'000</u></b>
Direct credit substitutes	36,231	36,225
Trade-related contingencies	1,138,866	826,750
Other commitments	21,526,156	24,425,034

#### (b) Derivatives

	<b>31 December 2020</b> <b><u>HK\$'000</u></b>	<b>30 June 2020</b> <b><u>HK\$'000</u></b>
Contract amount		
- Exchange rate contracts	102,634,319	126,861,995
- Interest rate contracts	14,981,961	13,555,296
Fair value		
- Exchange rate contracts	(469,384)	(83,497)
- Interest rate contracts	(209,252)	(287,240)

The contract amounts of derivatives indicate the volume of transactions outstanding as at the balance sheet date, they do not represent amounts at risk.

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

## Additional information

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China Everbright Bank Hong Kong Branch

As at 31 December 2020

### viii Liquidity information

	For the quarter ended 31 December 2020	For the quarter ended 30 September 2020
Average liquidity maintenance ratio	<u>75.57%</u>	<u>56.18%</u>
Average core funding ratio	<u>186.04%</u>	<u>161.30%</u>

The average liquidity maintenance ratio and average core funding ratio is the simple average of each calendar month's average liquidity maintenance ratio and average core funding ratio respectively, and as reported in the return relating to the Liquidity Position and the Stable Funding Position submitted by the Branch to HKMA pursuant to Section 63 of the Banking Ordinance in respect of the reporting period.

#### Liquidity information disclosures: Approach to liquidity risk management

Following the Head Office's policies and procedures whereby the centralized and decentralized ways of monitoring and management structure are set out, the Branch's Liquidity Policy is formulated to outline the liquidity strategy and goals specific to the local business environment and conditions. The Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manual ("SPM") LM-2 "Sound Systems and Controls for Liquidity Risk Management".

The local liquidity risk management framework is determined by the local Asset and Liability Committee which comprises the senior management key members and conducts meeting on a regular and when necessary basis to review and deliberate important liquidity risk management matters.

The liquidity and funding requirements are managed in a manner that ensures the Branch meets all local statutory requirements, internal risk limits and guidelines.

Net funding exposures are managed through regular reviews of projected cash flows. Cumulative cash flow profiles under normal and stress conditions across different horizons are monitored against limits for each of these scenarios. The Policy also provides a framework for the management of market access and contingency planning to withstand a liquidity crisis.

## Consolidated financial information – China Everbright Bank Co., Ltd.

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### I Capital adequacy ratio and Shareholders' funds

	<b>31 December 2020</b> <b><u>RMB million</u></b>	<b>30 June 2020</b> <b><u>RMB million</u></b>
Capital adequacy ratio	13.90%	12.74%
Equity attributable to equity holders of the Bank	453,449	390,312

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.

### II Other financial information

	<b>31 December 2020</b> <b><u>RMB million</u></b>	<b>30 June 2020</b> <b><u>RMB million</u></b>
Total assets	5,368,110	5,388,434
Total liabilities	4,913,112	4,996,991
Total loans and advances	3,009,482	2,921,562
Total customer deposits	3,480,667	3,672,102

  

	<b>31 December 2020</b> <b><u>RMB million</u></b>	<b>31 December 2019</b> <b><u>RMB million</u></b>
Pre-tax profit	45,497	45,163

1 RMB = 1.19091733 HKD at 31 December 2020

1 RMB = 1.09541073 HKD at 30 June 2020

1 RMB = 1.11762426 HKD at 31 December 2019

## Other disclosures

China Everbright Bank Hong Kong Branch

As at 31 December 2020

### Remuneration

China Everbright Bank Co., Ltd. Hong Kong Branch (“Hong Kong Branch”) has adopted the remuneration policy and principles stipulated by China Everbright Bank Head Office (“Head Office”). In determining the remuneration details for Hong Kong Branch, various factors such as but not limited to the Human Resources Remuneration policy, principles and budget cascaded from Head Office, business plan in Hong Kong Branch, local market practice, supply and potential of local talents, and related risk factors have been taken into account. Deferral policy/payment is in place for senior management, in compliance with the requirements from Head Office.

In Hong Kong Branch, the variable remuneration is linked to branch-wide, departmental and individual performance and achievement. As stipulated by Head Office, the balanced scorecard approach is adopted to measure the performance on a branch and individual level, covering financial and non-financial factors. In the branch-wide scorecard, key performance parameters such as Net Profit, Return on Asset, Operating Income, Non-Performing Loan, Operating Expenses, Risk and Internal Control and Non-compliance cases. In the individual performance scorecard, key performance parameters include Financial, Customers, Operational Effectiveness & Control and Learning & Growth. Hong Kong Branch will conduct periodic performance review with individual staff and determine their variable remuneration based on the agreed performance objectives and actual achievements.

There was no guaranteed bonus/sign-on award/severance payment for our senior management and key personnel in Hong Kong Branch during the year of 2020 and 2019. The aggregate amounts of fixed and variable remuneration of senior management and key personnel for the year ended 31 December 2020 and 31 December 2019 are set out in the table below:

For 4 senior management and 6 key personnel Period: 1 January 2020 – 31 December 2020		
Total value of remuneration awards for the year ended 31 December 2020	Non-deferred HK\$'000	Deferred HK\$'000
Fixed remuneration <sup>(1)</sup>		
• Cash-based	19,041	N/A
Variable remuneration <sup>(2)</sup>		
• Cash-based	10,498	632 (vested) 2,861 (unvested)

For 4 senior management and 6 key personnel Period: 1 January 2019 – 31 December 2019		
Total value of remuneration awards for the year ended 31 December 2019	Non-deferred HK\$'000	Deferred HK\$'000
Fixed remuneration <sup>(1)</sup>		
• Cash-based	18,603	N/A
Variable remuneration <sup>(2)</sup>		
• Cash-based	9,661	577 (vested) 1,662 (unvested)

Remarks:

- (1) Fixed remuneration includes base 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.

## Other disclosures

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China Everbright Bank Hong Kong Branch

As at 31 December 2020

### Statement of Compliance

In preparing the Annual Financial Information Disclosure Statement 2020, China Everbright Bank Co., Ltd. Hong Kong Branch has fully complied with the disclosure standards and guidance as set out respectively in the Banking (Disclosure) Rules and SPM CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" issued by the Hong Kong Monetary Authority.



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Chen Linlong  
Chief Executive  
China Everbright Bank Co., Ltd. Hong Kong Branch

28 April 2021