



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

Annual Financial Information Disclosure Statement 2021

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Profit and loss information

China Everbright Bank Hong Kong Branch

For the year ended 31 December 2021

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.

	31 December 2021 <u>HK\$'000</u>	31 December 2020 <u>HK\$'000</u>
Interest income	4,041,969	4,464,499
Interest expense	<u>(2,112,383)</u>	<u>(2,575,049)</u>
Net interest income	1,929,586	1,889,450
Gains less losses arising from dealing in foreign currencies	119,705	10,501
Gains less losses from other trading activities	51,677	24,207
Gains less losses on securities held for trading purposes	(8,090)	5,785
Gains less losses from non-trading investment	80,254	6,349
Net fee and commission income		
- Fee and commission income	297,046	205,653
- Fee and commission expenses	<u>(24,265)</u>	<u>(22,153)</u>
Other operating income	516,327	230,342
Operating income	2,445,913	2,119,792
Staff expenses	(275,842)	(266,379)
Rental expenses	(45,103)	(62,768)
Other operating expenses	<u>(91,569)</u>	<u>(85,382)</u>
Operating expenses	(412,514)	(414,529)
Operating profit before impairment	2,033,399	1,705,263
Net charge for impairment allowances	(4,065)	(61,548)
Gains less losses from the disposal of fixed assets	<u>-</u>	<u>9</u>
Profit before taxation	2,029,334	1,643,724
Taxation	<u>(330,288)</u>	<u>(277,581)</u>
Profit after taxation	<u>1,699,046</u>	<u>1,366,143</u>

Balance sheet information

China Everbright Bank Hong Kong Branch

As at 31 December 2021

	31 December 2021 <u>HK\$'000</u>	30 June 2021 <u>HK\$'000</u>
Assets		
Cash and balances with banks	34,977,798	35,114,672
Placements with banks maturing between one and twelve months	7,195,598	12,026,984
Amount due from overseas offices	39,961,220	36,531,751
Trade bills	1,101,987	966,927
Certificates of deposit held	9,762,758	16,818,871
Investment securities	48,035,352	52,707,646
Securities held for trading purposes	632,585	352,902
Advances and other accounts		
- Loans and advances to customers	71,815,125	72,641,426
- Accrued interest and other accounts	1,895,604	2,326,132
- Collectively assessed impairment allowances	(241,967)	(282,090)
- Individually assessed impairment allowances	(10,171)	(9,979)
Fixed assets	364,721	330,710
Deferred tax assets	45,417	51,155
Total assets	<u>215,536,027</u>	<u>229,577,107</u>
Reserves and Liabilities		
Deposits and balances from banks	62,400,341	61,815,168
Deposits from customers		
- Demand deposits and current accounts	2,802,678	1,843,353
- Savings deposits	5,751,725	7,281,292
- Time, call and notice deposits	74,062,808	67,158,928
Amount due to overseas offices	12,609,961	29,282,300
Certificates of deposit issued	24,981,868	29,680,161
Issued debt securities	24,558,503	24,458,963
Other accounts and provisions		
- Accrued interest and other provisions	2,039,769	2,496,986
Total liabilities	<u>209,207,653</u>	<u>224,017,151</u>
Reserves		
- Retained earnings and other reserves	4,629,328	4,738,121
- Profit for the year	1,699,046	821,835
Total reserves and liabilities	<u>215,536,027</u>	<u>229,577,107</u>

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2021

i Impaired loans and advances to customers

	31 December 2021 <u>HK\$'000</u>	30 June 2021 <u>HK\$'000</u>
Gross impaired loans and advances to customers	10,171	9,979
As a % to total loans and advances to customers	0.01%	0.01%
Individually assessed impairment allowances	10,171	9,979
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	10,171	9,979
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ii Loans and advances to customers

(a) Breakdown by industry sectors

	<u>HK\$'000</u>	% covered by collateral	<u>HK\$'000</u>	% covered by collateral
Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	5,117,767	31	11,157,543	36
- Property investment	5,501,546	50	5,905,303	49
- Civil engineering works	293,000	32	199,131	30
- Financial concerns	26,361,893	7	26,085,265	4
- Wholesale and retail trade	1,639,065	43	1,662,582	52
- Manufacturing	645,525	42	843,827	33
- Electricity and gas	222,196	-	621,180	-
- Hotels, boarding houses & catering	573,542	74	170,000	12
- Recreational activities	56,000	100	56,000	100
- Transport and transport equipment	1,827,270	-	1,562,963	-
- Others	2,503,077	2	3,283,279	6
Individuals				
- Others	1,075,577	100	685,120	100
Trade finance	1,396,978	16	757,264	24
Loans and advances for use outside Hong Kong	24,601,689	2	19,651,969	3
	<u>71,815,125</u>	<u>13</u>	<u>72,641,426</u>	<u>15</u>

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2021

ii Loans and advances to customers (continued)

(b) Breakdown by geographical segments

	31 December 2021 <u>HK\$'000</u>	30 June 2021 <u>HK\$'000</u>
Hong Kong	59,998,628	59,766,794
Mainland China	8,790,773	9,393,017
Others	3,025,724	3,481,615
	<u>71,815,125</u>	<u>72,641,426</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 2021 <u>HK\$'000</u>	30 June 2021 <u>HK\$'000</u>
Overdue loans and advances to customers		
- more than 1 year	10,171	9,979
As a % to total loans and advances to customers	0.01%	0.01%
Impairment allowances made	10,171	9,979
Market value of collateral	-	-
Covered portion of overdue loans and advances to customers	-	-
Uncovered portion of overdue loans and advances to customers	10,171	9,979

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

Hong Kong	10,171	9,979
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(b) Overdue debt securities

	31 December 2021 <u>HK\$'000</u>	30 June 2021 <u>HK\$'000</u>
Overdue debt securities		
- more than 3 months but not more than 6 months	233,891	-
- more than 6 months but not more than 1 year	-	15,410
- more than 1 year	15,770	-

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2021

iii Overdue, rescheduled and repossessed assets (continued)

(b) Overdue debt securities (continued)

Analysis of gross overdue debt securities by geographical segments:

Mainland China	233,891	-
Hong Kong	15,770	15,410

(c) Rescheduled and repossessed assets

As at 31 December 2021 and 30 June 2021, the Branch has no rescheduled advances, and no repossessed assets.

iv International claims

	31 December 2021				
	<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	78,208,079	564,873	8,918,047	24,901,629	112,592,628
Offshore centres					
of which Hong Kong	9,752,585	-	16,194,518	15,619,767	41,566,870
	30 June 2021				
	<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	88,092,889	2,593,642	11,087,883	25,375,325	127,149,739
Offshore centres					
of which Hong Kong	6,169,756	-	13,817,520	15,840,272	35,827,548

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 2021

v Non-bank Mainland exposures

	31 December 2021			
	On-balance sheet exposures <u>HK\$'000</u>	Off-balance sheet exposures <u>HK\$'000</u>	Total <u>HK\$'000</u>	Individually assessed impairment allowances <u>HK\$'000</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	34,349,306	930,827	35,280,133	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	14,020,496	611,602	14,632,098	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	20,981,154	484,288	21,465,442	10,171
4. Other entities of central government not reported in item 1 above	7,011,680	564,951	7,576,631	-
5. Other entities of local governments not reported in item 2 above	1,377,823	-	1,377,823	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,371,231	2,247	2,373,478	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,302,647	22,245	1,324,892	-
Total	<u>81,414,337</u>	<u>2,616,160</u>	<u>84,030,497</u>	<u>10,171</u>
Total assets after provisions	215,536,027			
On-balance sheet exposures as percentage of total assets	37.77%			

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2021

v Non-bank Mainland exposures (continued)

	30 June 2021			
	On-balance sheet exposures <u>HK\$'000</u>	Off-balance sheet exposures <u>HK\$'000</u>	Total <u>HK\$'000</u>	Individually assessed impairment allowances <u>HK\$'000</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	32,637,504	1,652,805	34,290,309	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	14,408,420	776,358	15,184,778	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	23,477,640	1,486,673	24,964,313	9,979
4. Other entities of central government not reported in item 1 above	7,395,467	707,040	8,102,507	-
5. Other entities of local governments not reported in item 2 above	2,040,168	-	2,040,168	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,934,093	10,252	2,944,345	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,445,525	74,933	2,520,458	-
Total	<u>85,338,817</u>	<u>4,708,061</u>	<u>90,046,878</u>	<u>9,979</u>
Total assets after provisions	229,577,107			
On-balance sheet exposures as percentage of total assets	37.17%			

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2021

vi Currency risk

	31 December 2021			
	USD	CNY	EUR	Total
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Spot assets	105,546,115	47,802,205	12,524,889	165,873,209
Spot liabilities	(124,252,058)	(35,486,243)	(2,698,901)	(162,437,202)
Forward purchases	60,874,335	34,033,885	2,043,762	96,951,982
Forward sales	(41,638,246)	(46,301,244)	(11,838,916)	(99,778,406)
Net options position	4,378	(4,103)	-	275
Net long (short) position	<u>534,524</u>	<u>44,500</u>	<u>30,834</u>	<u>609,858</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	30 June 2021			
	USD	CNY	EUR	Total
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Spot assets	125,289,809	41,477,672	11,242,909	178,010,390
Spot liabilities	(146,032,030)	(36,875,613)	(582,990)	(183,490,633)
Forward purchases	69,174,482	34,626,536	1,757,638	105,558,656
Forward sales	(47,584,178)	(39,235,786)	(12,361,281)	(99,181,245)
Net options position	6,813	(6,536)	-	277
Net long (short) position	<u>854,896</u>	<u>(13,727)</u>	<u>56,276</u>	<u>897,445</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. As at 31 December 2021 and 30 June 2021, there was no structural position.

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2021

vii Off-balance sheet exposures

(a) Contingent liabilities and commitments

	31 December 2021 <u>HK\$'000</u>	30 June 2021 <u>HK\$'000</u>
Trade-related contingencies	1,004,024	1,639,257
Other commitments	29,929,875	26,059,069
Others	2,851,101	3,696,021

(b) Derivatives

	31 December 2021 <u>HK\$'000</u>	30 June 2021 <u>HK\$'000</u>
Contract amount		
- Exchange rate contracts	113,891,531	131,183,451
- Interest rate contracts	13,192,204	13,098,201
Fair value		
- Exchange rate contracts	17,979	200,882
- Interest rate contracts	8,738	(65,825)

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

China Everbright Bank Hong Kong Branch

As at 31 December 2021

viii Liquidity information

	For the quarter ended 31 December 2021	For the quarter ended 31 December 2020
Average liquidity maintenance ratio	<u>71.26%</u>	<u>75.57%</u>
Average core funding ratio	<u>197.60%</u>	<u>186.04%</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 Risk Management 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.

I Capital adequacy ratio and Shareholders' funds

	31 December 2021 <u>RMB million</u>	30 June 2021 <u>RMB million</u>
Capital adequacy ratio	13.37%	13.45%
Equity attributable to equity holders of the Bank	482,489	462,539

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

	31 December 2021 <u>RMB million</u>	30 June 2021 <u>RMB million</u>
Total assets	5,902,069	5,772,796
Total liabilities	5,417,703	5,308,658
Total loans and advances	3,307,304	3,238,622
Total customer deposits	3,675,743	3,692,419

	31 December 2021 <u>RMB million</u>	31 December 2020 <u>RMB million</u>
Pre-tax profit	52,941	45,497

1 RMB = 1.22378232 HKD at 31 December 2021

1 RMB = 1.20068193 HKD at 30 June 2021

1 RMB = 1.19091733 HKD at 31 December 2020

Other disclosures

China Everbright Bank Hong Kong Branch

As at 31 December 2021

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 seconded 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 2021 and 2020. The aggregate amounts of fixed and variable remuneration of senior management and key personnel for the year ended 31 December 2021 and 31 December 2020 are set out in the table below:

For 4 senior management and 5 key personnel Period: 1 January 2021 – 31 December 2021		
Total value of remuneration awards for the year ended 31 December 2021	Non-deferred HK\$'000	Deferred HK\$'000
Fixed remuneration ⁽¹⁾		
• Cash-based	18,754	N/A
Variable remuneration ⁽²⁾		
• Cash-based	8,916	1,504 (vested) 2,683 (unvested)

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 ⁽¹⁾		
• Cash-based	19,041	N/A
Variable remuneration ⁽²⁾		
• Cash-based	10,498	632 (vested) 2,861 (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

China Everbright Bank Hong Kong Branch

As at 31 December 2021

Statement of Compliance

In preparing the Annual Financial Information Disclosure Statement 2021, 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.



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

29 April 2022