



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

Annual Financial Information Disclosure Statement 2022

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Profit and loss information

China Everbright Bank Hong Kong Branch

For the year ended 31 December 2022

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 2022 HK\$'000	31 December 2021 HK\$'000
Interest income	5,233,515	4,041,969
Interest expense	<u>(4,019,628)</u>	<u>(2,112,383)</u>
Net interest income	<u>1,213,887</u>	<u>1,929,586</u>
Gains less losses arising from dealing in foreign currencies	349,553	119,705
Gains less losses from other trading activities	53,826	51,677
Gains less losses on securities held for trading purposes	(32,139)	(8,090)
Gains less losses from non-trading investment	29,993	80,254
Net fee and commission income		
- Fee and commission income	124,202	297,046
- Fee and commission expenses	<u>(24,767)</u>	<u>(24,265)</u>
Other operating income	<u>500,668</u>	<u>516,327</u>
Operating income	<u>1,714,555</u>	<u>2,445,913</u>
Staff expenses	(269,138)	(275,842)
Rental expenses	(62,065)	(45,103)
Other operating expenses	<u>(88,202)</u>	<u>(91,569)</u>
Operating expenses	<u>(419,405)</u>	<u>(412,514)</u>
Operating profit before impairment	<u>1,295,150</u>	<u>2,033,399</u>
Net charge for impairment allowances	(728,542)	(4,065)
Gains less losses from the disposal of fixed assets	35	-
Profit before taxation	<u>566,643</u>	<u>2,029,334</u>
Taxation	<u>(51,165)</u>	<u>(330,288)</u>
Profit after taxation	<u>515,478</u>	<u>1,699,046</u>

Balance sheet information

China Everbright Bank Hong Kong Branch

As at 31 December 2022

	31 December 2022 HK\$'000	30 June 2022 HK\$'000
Assets		
Cash and balances with banks	31,360,700	56,188,000
Placements with banks maturing between one and twelve months	17,743,514	7,160,151
Amount due from overseas offices	32,176,484	28,469,989
Trade bills	555,880	741,093
Certificates of deposit held	4,095,254	4,744,886
Investment securities	49,400,842	51,478,447
Securities held for trading purposes	-	19,421
Advances and other accounts		
- Loans and advances to customers	70,176,780	70,829,353
- Accrued interest and other accounts	2,266,545	2,327,844
- Collectively assessed impairment allowances	(209,675)	(284,275)
- Individually assessed impairment allowances	(627,908)	(9,733)
Fixed assets	298,744	326,236
Deferred tax assets	163,781	39,915
Total assets	207,400,941	222,031,327
Reserves and Liabilities		
Deposits and balances from banks	59,737,044	78,428,714
Deposits from customers		
- Demand deposits and current accounts	3,000,319	2,055,707
- Savings deposits	6,648,193	7,019,199
- Time, call and notice deposits	78,357,693	60,125,254
Amount due to overseas offices	10,061,080	13,031,432
Certificates of deposit issued	24,389,224	32,995,975
Issued debt securities	16,764,625	20,789,913
Other accounts and provisions		
- Accrued interest and other provisions	3,142,540	1,903,448
Total liabilities	202,100,718	216,349,642
Reserves		
- Retained earnings and other reserves	4,784,745	5,087,669
- Profit for the year	515,478	594,016
Total reserves and liabilities	207,400,941	222,031,327

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2022

i Impaired loans and advances to customers

	31 December 2022 <u>HK\$'000</u>	30 June 2022 <u>HK\$'000</u>
Gross impaired loans and advances to customers	3,145,294	9,733
As a % to total loans and advances to customers	4.48%	0.01%
Individually assessed impairment allowances	431,996	9,733
Market value of collateral	1,900,000	-

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	2,886,303	9,733
Mainland China	258,991	-

ii Loans and advances to customers

(a) Breakdown by industry sectors

	31 December 2022 <u>HK\$'000</u>	% covered by <u>collateral</u>	30 June 2022 <u>HK\$'000</u>	% covered by <u>collateral</u>
Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	5,771,901	12	5,011,977	15
- Property investment	4,568,782	63	4,151,812	65
- Civil engineering works	200,000	-	200,000	-
- Financial concerns	29,475,811	10	29,889,705	10
- Wholesale and retail trade	1,324,795	28	1,548,863	32
- Manufacturing	1,136,361	22	1,067,643	25
- Electricity and gas	163,748	-	356,959	-
- Hotels, boarding houses & catering	789,804	50	492,083	70
- Transport and transport equipment	835,949	-	716,904	-
- Information Technology	233,925	-	-	-
- Others	3,554,054	6	2,770,739	5
Individuals				
- Others	1,129,234	100	1,113,747	100
Trade finance	1,544,100	3	1,905,171	9
Loans and advances for use outside Hong Kong	19,448,316	1	21,603,750	1
	<u>70,176,780</u>	<u>13</u>	<u>70,829,353</u>	<u>13</u>

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2022

ii Loans and advances to customers (continued)

(b) Breakdown by geographical segments

	31 December 2022 <u>HK\$'000</u>	30 June 2022 <u>HK\$'000</u>
Hong Kong	59,677,349	60,656,205
Mainland China	5,343,717	8,373,841
Others	5,155,714	1,799,307
	<u>70,176,780</u>	<u>70,829,353</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 2022 <u>HK\$'000</u>	% of total loans to customers	30 June 2022 <u>HK\$'000</u>	% of total loans to customer
Overdue loans and advances to customers				
- more than 3 months but not more than 6 months	404,000	0.58%	395,377	0.56%
- more than 6 months but not more than 1 year	831,991	1.19%	-	-
- more than 1 year	9,303	0.01%	9,733	0.01%
Total overdue loans and advances to customers	<u>1,245,294</u>	1.77%	<u>405,110</u>	0.57%

	<u>HK\$'000</u>	<u>HK\$'000</u>
Individually assessed impairment allowances made on overdue loans and advances to customers	341,520	9,733
Market value of collateral	-	126,020

Where collateral values are greater than the gross loan amount, only the amount of collateral up to the gross loan is included.

Covered portion of overdue loans and advances to customers	-	126,020
Uncovered portion of overdue loans and advances to customers	1,245,294	279,090

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

Mainland China	258,991	269,358
Hong Kong	986,303	135,752

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2022

iii Overdue, rescheduled and repossessed assets (continued)

(b) Overdue debt securities

	31 December 2022 <u>HK\$'000</u>	30 June 2022 <u>HK\$'000</u>
Overdue debt securities		
- more than 3 months but not more than 6 months	126,337	-
- more than 6 months but not more than 1 year	-	235,358
- more than 1 year	247,879	13,279

(c) Rescheduled and repossessed assets

As at 31 December 2022 and 30 June 2022, the Branch has no rescheduled advances, and no repossessed assets.

iv International claims

	31 December 2022				<u>Total HK\$'000</u>
	<u>Banks HK\$'000</u>	<u>Official sector HK\$'000</u>	<u>Non-bank financial institutions HK\$'000</u>	<u>Non- financial private sector HK\$'000</u>	
Developing Asia and Pacific of which Mainland China	74,884,962	349,049	8,478,941	21,373,712	105,086,664
Offshore centres of which Hong Kong	4,636,032	-	20,817,627	16,463,346	41,917,005
	30 June 2022				
	<u>Banks HK\$'000</u>	<u>Official sector HK\$'000</u>	<u>Non-bank financial institutions HK\$'000</u>	<u>Non- financial private sector HK\$'000</u>	<u>Total HK\$'000</u>
Developing Asia and Pacific of which Mainland China	71,872,957	532,189	10,197,448	24,953,116	107,555,710
Offshore centres of which Hong Kong	11,173,999	-	17,044,786	17,315,314	45,534,099

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 2022

v Non-bank Mainland exposures

	31 December 2022			
	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)	38,925,967	803,451	39,729,418	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	12,922,859	1,221,011	14,143,870	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	18,003,546	384,174	18,387,720	572,351
4. Other entities of central government not reported in item 1 above	5,343,024	714,006	6,057,030	55,557
5. Other entities of local governments not reported in item 2 above	244,370	-	244,370	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,346,065	175,444	2,521,509	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,498,890	16,514	2,515,404	-
Total	<u>80,284,721</u>	<u>3,314,600</u>	<u>83,599,321</u>	<u>627,908</u>
Total assets after provisions	207,400,941			
On-balance sheet exposures as percentage of total assets	38.71%			

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2022

v Non-bank Mainland exposures (continued)

	30 June 2022			
	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)	38,252,231	2,363,048	40,615,279	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	14,753,327	312,259	15,065,586	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	18,162,679	409,795	18,572,474	9,733
4. Other entities of central government not reported in item 1 above	5,558,797	649,764	6,208,561	-
5. Other entities of local governments not reported in item 2 above	696,067	-	696,067	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,773,417	115,325	1,888,742	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,298,335	12,684	1,311,019	-
Total	<u>80,494,853</u>	<u>3,862,875</u>	<u>84,357,728</u>	<u>9,733</u>
Total assets after provisions	222,031,327			
On-balance sheet exposures as percentage of total assets	36.25%			

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2022

vi Currency risk

31 December 2022

	USD HK\$'000	CNY HK\$'000	EUR HK\$'000	JPY HK\$'000	Total HK\$'000
Spot assets	97,976,484	51,702,409	8,492,833	96,003	158,267,729
Spot liabilities	(124,031,564)	(40,769,930)	(1,355,229)	(23,587)	(166,180,310)
Forward purchases	68,055,047	39,187,129	1,922,138	154,178	109,318,492
Forward sales	(42,637,210)	(49,997,994)	(9,129,598)	(236,343)	(102,001,145)
Net options position	11,917	-	-	(11,917)	-
Net long (short) position	<u>(625,326)</u>	<u>121,614</u>	<u>(69,856)</u>	<u>(21,666)</u>	<u>(595,234)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 June 2022

	USD HK\$'000	CNY HK\$'000	EUR HK\$'000	JPY HK\$'000	Total HK\$'000
Spot assets	128,389,534	34,471,504	9,175,614	703,565	172,740,217
Spot liabilities	(124,016,795)	(44,349,815)	(5,379,066)	(2,929)	(173,748,605)
Forward purchases	40,789,769	40,877,639	2,020,127	-	83,687,535
Forward sales	(44,364,847)	(30,971,991)	(5,785,557)	(700,356)	(81,822,751)
Net options position	-	87	-	-	87
Net long (short) position	<u>797,661</u>	<u>27,424</u>	<u>31,118</u>	<u>280</u>	<u>856,483</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 2022 and 30 June 2022, there was no structural position.

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2022

vii Off-balance sheet exposures

(a) Contingent liabilities and commitments

	31 December 2022 <u>HK\$'000</u>	30 June 2022 <u>HK\$'000</u>
Trade-related contingencies	747,245	665,714
Other commitments	20,501,420	25,122,744
Others	-	-

(b) Derivatives

	31 December 2022 <u>HK\$'000</u>	30 June 2022 <u>HK\$'000</u>
Contract amount		
- Exchange rate contracts	110,461,071	83,746,817
- Interest rate contracts	12,208,971	11,292,186
Fair value		
- Exchange rate contracts	(509,921)	(108,143)
- Interest rate contracts	447,851	347,508

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 2022

viii Liquidity information

	For the quarter ended 31 December 2022	For the quarter ended 31 December 2021
Average liquidity maintenance ratio	<u>87.86%</u>	<u>71.26%</u>
Average core funding ratio	<u>213.20%</u>	<u>197.60%</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 2022 <u>RMB million</u>	30 June 2022 <u>RMB million</u>
Capital adequacy ratio	12.95%	12.18%
Equity attributable to equity holders of the Bank	507,883	490,530

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 2022 <u>RMB million</u>	30 June 2022 <u>RMB million</u>
Total assets	6,300,510	6,257,247
Total liabilities	5,790,497	5,764,712
Total loans and advances	3,572,276	3,512,531
Total customer deposits	3,917,168	3,947,612

	31 December 2022 <u>RMB million</u>	31 December 2021 <u>RMB million</u>
Pre-tax profit	55,966	52,941

1 RMB = 1.11926908 HKD at 31 December 2022

1 RMB = 1.17097653 HKD at 30 June 2022

1 RMB = 1.22378232 HKD at 31 December 2021

Other disclosures

China Everbright Bank Hong Kong Branch

As at 31 December 2022

Remuneration

China Everbright Bank Co., Ltd., Hong Kong Branch (“Hong Kong Branch”) is governed by 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 Hong Kong Branch’s Master 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 payment for variable remuneration is in place for senior management and department heads, in compliance with the Hong Kong Branch and Head Office’s deferral policy and the relevant requirements.

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 2022 and 2021. The aggregate amounts of fixed and variable remuneration of senior management and key personnel for the year ended 31 December 2022 and 31 December 2021 are set out in the table below:

For 5 Senior Management & 5 Key Personnel		
Period: 1 January 2022 – 31 December 2022		
Total value of remuneration awards for the year ended 31 December 2022	Non-deferred HK\$’000	Deferred HK\$’000
Fixed remuneration ⁽¹⁾		
• Cash-based	19,863	N/A
Variable remuneration ⁽²⁾		
• Cash-based	10,758	1,822 (vested) 3,831 (unvested)

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)

Other disclosures

China Everbright Bank Hong Kong Branch

As at 31 December 2022

Remuneration (continued)

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 Hong Kong Branch and Head Office's deferral policy and the relevant requirements.

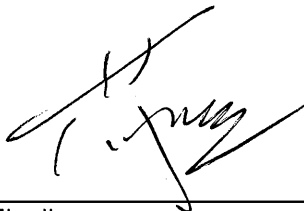
Other disclosures

China Everbright Bank Hong Kong Branch

As at 31 December 2022

Statement of Compliance

In preparing the Annual Financial Information Disclosure Statement 2022, 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.



Cai Mingjie
Chief Executive
China Everbright Bank Co., Ltd. Hong Kong Branch

28 April 2023