



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

Annual Financial Information Disclosure Statement 2023

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Profit and loss information

China Everbright Bank Hong Kong Branch

For the year ended 31 December 2023

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 2023 HK\$'000	31 December 2022 HK\$'000
Interest income	9,465,185	5,233,515
Interest expense	<u>(8,162,449)</u>	<u>(4,019,628)</u>
Net interest income	<u>1,302,736</u>	<u>1,213,887</u>
Gains less losses arising from dealing in foreign currencies	241,139	349,553
Gains less losses from other trading activities	3,874	53,826
Gains less losses on securities held for trading purposes	17,674	(32,139)
Gains less losses from non-trading investment	5,675	29,993
Net fee and commission income		
- Fee and commission income	140,849	124,202
- Fee and commission expenses	<u>(25,935)</u>	<u>(24,767)</u>
Other operating income	<u>383,276</u>	<u>500,668</u>
Operating income	<u>1,686,012</u>	<u>1,714,555</u>
Staff expenses	(279,698)	(269,138)
Rental expenses	(48,253)	(62,065)
Other operating expenses	<u>(93,572)</u>	<u>(88,202)</u>
Operating expenses	<u>(421,523)</u>	<u>(419,405)</u>
Operating profit before impairment	<u>1,264,489</u>	<u>1,295,150</u>
Net charge for impairment allowances	(1,215,709)	(728,542)
Gains less losses from the disposal of fixed assets	<u>45</u>	<u>35</u>
Profit before taxation	<u>48,825</u>	<u>566,643</u>
Taxation	<u>2,173</u>	<u>(51,165)</u>
Profit after taxation	<u>50,998</u>	<u>515,478</u>

Balance sheet information

China Everbright Bank Hong Kong Branch

As at 31 December 2023

	31 December 2023 <u>HK\$'000</u>	30 June 2023 <u>HK\$'000</u>
Assets		
Cash and balances with banks	19,956,284	22,966,454
Placements with banks maturing between one and twelve months	15,348,171	31,398,456
Amount due from overseas offices	23,836,665	17,174,486
Trade bills	699,387	711,932
Certificates of deposit held	4,805,412	3,549,774
Investment securities	61,783,418	53,512,402
Securities held for trading purposes	139,025	63,676
Advances and other accounts		
- Loans and advances to customers	74,363,868	71,749,117
- Accrued interest and other accounts	3,050,661	3,690,889
- Collectively assessed impairment allowances	(112,325)	(223,761)
- Individually assessed impairment allowances	(1,604,984)	(646,706)
Fixed assets	220,474	111,113
Deferred tax assets	334,430	175,088
Total assets	<u>202,820,486</u>	<u>204,232,920</u>
Reserves and Liabilities		
Deposits and balances from banks	64,471,173	61,481,987
Deposits from customers		
- Demand deposits and current accounts	2,634,327	2,732,510
- Savings deposits	2,830,407	4,044,555
- Time, call and notice deposits	85,455,033	72,526,110
Amount due to overseas offices	5,952,816	4,503,866
Certificates of deposit issued	12,058,969	29,184,301
Issued debt securities	20,008,005	19,978,613
Other accounts and provisions		
- Accrued interest and other provisions	3,390,692	3,895,277
Total liabilities	<u>196,801,422</u>	<u>198,347,219</u>
Reserves		
- Retained earnings and other reserves	5,968,066	5,480,171
- Profit for the year	50,998	405,530
Total reserves and liabilities	<u>202,820,486</u>	<u>204,232,920</u>

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2023

i Impaired loans and advances to customers

	31 December 2023 HK\$'000	30 June 2023 HK\$'000
Gross impaired loans and advances to customers	3,921,704	3,210,457
As a % to total loans and advances to customers	5.27%	4.47%
Individually assessed impairment allowances	1,373,564	449,857
Market value of collateral	1,900,000	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	3,528,553	2,877,000
Mainland China	322,410	333,457
Others	70,741	-

ii Loans and advances to customers

(a) Breakdown by industry sectors

	31 December 2023		30 June 2023	
	HK\$'000	% covered by collateral	HK\$'000	% covered by collateral
Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	7,278,789	9	7,427,221	10
- Property investment	4,435,243	63	4,399,101	62
- Civil engineering works	190,000	-	195,000	-
- Financial concerns	30,504,843	13	28,931,181	10
- Wholesale and retail trade	1,206,024	36	1,156,841	29
- Manufacturing	501,863	8	604,761	17
- Electricity and gas	356,233	-	591,529	-
- Hotels, boarding houses & catering	1,467,719	29	821,658	46
- Transport and transport equipment	870,000	-	610,000	-
- Information Technology	234,349	-	235,043	-
- Others	4,892,255	3	5,228,586	5
Individuals				
- Others	1,129,233	100	1,129,232	100
Trade finance	896,092	6	910,513	6
Loans and advances for use outside Hong Kong	20,401,225	1	19,508,451	1
	<u>74,363,868</u>	13	<u>71,749,117</u>	12

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2023

ii Loans and advances to customers (continued)

(b) Breakdown by geographical segments

	31 December 2023 <u>HK\$'000</u>	30 June 2023 <u>HK\$'000</u>
Hong Kong	60,209,176	61,430,822
Mainland China	8,091,015	5,401,036
Others	6,063,677	4,917,259
	<u>74,363,868</u>	<u>71,749,117</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 2023 <u>HK\$'000</u>	% of total loans to customers	30 June 2023 <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	519,191	0.70%	203,704	0.28%
- more than 6 months but not more than 1 year	203,103	0.27%	2,409,769	3.36%
- more than 1 year	3,199,410	4.30%	800,688	1.12%
Total overdue loans and advances to customers	<u>3,921,704</u>	5.27%	<u>3,414,161</u>	4.76%

	<u>HK\$'000</u>	<u>HK\$'000</u>
Individually assessed impairment allowances made on overdue loans and advances to customers	1,373,564	449,857
Market value of collateral	1,900,000	1,900,000

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	1,900,000	1,900,000
Uncovered portion of overdue loans and advances to customers	2,021,704	1,514,161

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

Mainland China	322,410	333,457
Hong Kong	3,325,450	2,877,000
Others	273,844	203,704

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2023

iii Overdue, rescheduled and repossessed assets (continued)

(b) Overdue debt securities

	31 December 2023 <u>HK\$'000</u>	30 June 2023 <u>HK\$'000</u>
Overdue debt securities		
- more than 3 months but not more than 6 months	-	-
- more than 6 months but not more than 1 year	-	103,645
- more than 1 year	326,341	235,780

(c) Rescheduled and repossessed assets

As at 31 December 2023 and 30 June 2023, the Branch has no rescheduled advances, and no repossessed assets.

iv International claims

	31 December 2023				Total <u>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	57,344,364	368,449	8,201,421	25,111,324	91,025,558
Offshore centres					
of which Hong Kong	952,303	83,712	23,523,974	16,010,418	40,570,407
	30 June 2023				
	<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	66,597,537	358,638	7,775,865	21,878,145	96,610,185
Offshore centres					
of which Hong Kong	3,477,991	215,497	21,325,142	15,223,685	40,242,315

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 2023

v Non-bank Mainland exposures

	31 December 2023			
	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)	43,133,221	1,231,148	44,364,369	21,222
2. Local governments, local government-owned entities and their subsidiaries and JVs	15,534,961	727,446	16,262,407	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	15,123,445	622,552	15,745,997	1,363,278
4. Other entities of central government not reported in item 1 above	4,844,517	59,973	4,904,490	55,658
5. Other entities of local governments not reported in item 2 above	998,597	-	998,597	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	566,581	174,786	741,367	164,826
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,838,108	8,874	1,846,982	-
Total	<u>82,039,430</u>	<u>2,824,779</u>	<u>84,864,209</u>	<u>1,604,984</u>
Total assets after provisions	202,820,486			
On-balance sheet exposures as percentage of total assets	40.45%			

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2023

v Non-bank Mainland exposures (continued)

30 June 2023				
	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)	40,003,321	1,036,834	41,040,155	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	15,440,890	241,221	15,682,111	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	14,495,484	1,222,192	15,717,676	559,152
4. Other entities of central government not reported in item 1 above	5,507,868	167,301	5,675,169	55,823
5. Other entities of local governments not reported in item 2 above	975,403	-	975,403	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,190,970	176,282	1,367,252	31,731
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,162,017	13,245	2,175,262	-
Total	<u>79,775,953</u>	<u>2,857,075</u>	<u>82,633,028</u>	<u>646,706</u>
Total assets after provisions	204,232,920			
On-balance sheet exposures as percentage of total assets	39.06%			

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2023

vi Currency risk

31 December 2023

	USD <u>HK\$'000</u>	CNY <u>HK\$'000</u>	EUR <u>HK\$'000</u>	JPY <u>HK\$'000</u>	GBP <u>HK\$'000</u>	Total <u>HK\$'000</u>
Spot assets	100,057,465	36,453,105	12,550,136	828,615	19,671	149,908,992
Spot liabilities	(109,628,622)	(38,252,271)	(1,851,915)	(554,322)	(327,724)	(150,614,854)
Forward purchases	45,137,474	30,989,290	157,573	-	298,842	76,583,179
Forward sales	(36,347,829)	(29,060,715)	(10,882,106)	(277,251)	-	(76,567,901)
Net options position	-	-	-	-	-	-
Net long (short) position	(781,512)	129,409	(26,312)	(2,958)	(9,211)	(690,584)
Net structural position	-	-	-	-	-	-

30 June 2023

	USD <u>HK\$'000</u>	CNY <u>HK\$'000</u>	EUR <u>HK\$'000</u>	JPY <u>HK\$'000</u>	GBP <u>HK\$'000</u>	Total <u>HK\$'000</u>
Spot assets	109,559,267	33,676,679	7,480,114	161,552	28,142	150,905,754
Spot liabilities	(111,532,447)	(43,501,130)	(3,093,956)	(99,944)	(532,882)	(158,760,359)
Forward purchases	60,407,252	54,775,883	2,072,983	-	494,529	117,750,647
Forward sales	(58,924,268)	(44,894,294)	(6,522,853)	(70,903)	-	(110,412,318)
Net options position	(7,647)	7,643	-	-	-	(4)
Net long (short) position	(497,843)	64,781	(63,712)	(9,295)	(10,211)	(516,280)
Net structural position	-	-	-	-	-	-

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 2023 and 30 June 2023, there was no structural position.

Additional information

China Everbright Bank Hong Kong Branch

As at 31 December 2023

vii Off-balance sheet exposures

(a) Contingent liabilities and commitments

	31 December 2023 <u>HK\$'000</u>	30 June 2023 <u>HK\$'000</u>
Trade-related contingencies	792,355	979,916
Other commitments	17,673,196	19,471,138
Others	-	1,377,686

(b) Derivatives

	31 December 2023 <u>HK\$'000</u>	30 June 2023 <u>HK\$'000</u>
Contract amount		
- Exchange rate contracts	77,799,772	119,943,621
- Interest rate contracts	17,052,534	23,781,702
Fair value		
- Exchange rate contracts	(236,735)	(282,006)
- Interest rate contracts	244,499	539,659

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 2023

viii Liquidity information

	For the quarter ended 31 December 2023	For the quarter ended 31 December 2022
Average liquidity maintenance ratio	<u>71.92%</u>	<u>87.86%</u>
Average core funding ratio	<u>186.23%</u>	<u>213.20%</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 2023 <u>RMB million</u>	30 June 2023 <u>RMB million</u>
Capital adequacy ratio	13.50%	13.51%
Equity attributable to equity holders of the Bank	552,391	538,398

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 2023 <u>RMB million</u>	30 June 2023 <u>RMB million</u>
Total assets	6,772,796	6,757,928
Total liabilities	6,218,011	6,217,251
Total loans and advances	3,786,954	3,743,747
Total customer deposits	4,094,528	4,156,940

	31 December 2023 <u>RMB million</u>	31 December 2022 <u>RMB million</u>
Pre-tax profit	49,757	55,966

1 RMB = 1.10041838 HKD at 31 December 2023

1 RMB = 1.07619453 HKD at 30 June 2023

1 RMB = 1.11926908 HKD at 31 December 2022

Other disclosures

China Everbright Bank Hong Kong Branch

As at 31 December 2023

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. In compliance with the Hong Kong Branch and Head Office’s deferral policy and the relevant requirements, deferral payment for variable remuneration is in place for employees whose activities during the course of their employment (individually or collectively) could have a material impact on the Bank’s risk profile and financial soundness, such as senior management, key personnel, employees within risk control functions, department heads and other personnel who are considered by the branch management to have a material risk impact to the Hong Kong Branch.

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 2023 and 2022. The aggregate amounts of fixed and variable remuneration of senior management and key personnel for the year ended 31 December 2023 and 31 December 2022 are set out in the table below:

For 4 Senior Management & 4 Key Personnel		
Period: 1 January 2023 – 31 December 2023		
Total value of remuneration awards for the year ended 31 December 2023	Non-deferred HK\$'000	Deferred HK\$'000
Fixed remuneration ⁽¹⁾		
• Cash-based	18,159	N/A
Variable remuneration ⁽²⁾		
• Cash-based	4,683	1,691 (vested) 4,312 (unvested)

Other disclosures

China Everbright Bank Hong Kong Branch

As at 31 December 2023

Remuneration (continued)

For 5 Senior management and 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)

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 2023

Statement of Compliance

In preparing the Annual Financial Information Disclosure Statement 2023, 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

30 April 2024